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**Institutional theory and the policy problem of Vocational Education
and Training and its development:**

The Egyptian case

A Thesis Submitted to Middlesex University
in Partial Fulfilment of the Requirements for the Degree of
Doctor of Philosophy

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April 2011

Declaration of Originality

I hereby declare that this project is entirely my own work and that any additional sources of information have been duly cited.

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Signed

Date

Name of Supervisors:

Prof. Richard Croucher, Dr Anne Daguerre and Dr Rea Prouska

ABSTRACT

This thesis extends analysis of the policy problem of Egyptian Vocational Education and Training (VET) beyond the current supply/demand mismatch perspective and into a broader institutional analytic framework. It critically deploys concepts from Whitley's institutional framework (1999) and Wood and Frynas' (2006) Segmented Business Systems (SBS) archetype to the problem, complementing them with historical and political dimensions. These illustrate the continuities and discontinuities in key institutional features and relationships influencing VET since the military coup in the 1950s and through subsequent paradigm shifts. The institutional analysis illustrates that VET is embedded in a set of incoherent institutional arrangements that have constrained systemic development. Further, they have not supported development towards Western models suggested by international organisations. These have had limited effect.

A key institutional relationship for VET; state-employer-union cooperation, is currently being developed by the ILO through its Social Dialogue Project (ILO SDP). This could, if effectively realised, enhance institutional actors' participation in VET and hence its effectiveness. This proposition is examined through empirical investigation of institutional actors' (i) mutual perceptions of state-employer-union cooperation and contributions to VET; and (ii) their perceptions of the ILO SDP and the ways in which it has influenced VET. These responses are verified on an enterprise level through two cases in the tourism sector. The investigation took place in three phases from July 2008 to April 2010 in Egypt, Switzerland and the UK, through triangulated data collection: documentation, 60 interviews, 2 focus groups and observation.

The findings have theoretical and practical implications. On a theoretical level, the proposition that Egypt largely corresponds to the SBS archetype is confirmed. Suggestions for modifying Whitley's institutional framework include (i) a better integration of historical and political dimensions; and (ii) the inclusion of international organisations as a key institutional influence on state relations with social actors in developing countries. Practical conclusions confirm the ineffective levels of state-employer-union cooperation and contributions to VET. ILO attempts to develop these relationships through social dialogue were perceived to be largely ineffective by institutional actors. The ILO SDP has been constrained by institutional incoherencies which are difficult to change in the short- to medium term. Some positive experiences of effective state-employer-union cooperation and employer-employee interdependence were reported on regional and enterprise levels. These could possibly be expanded on by the ILO SDP as a bottom-up approach to enhancing social dialogue. Finally, the 2011 events could offer new institutional opportunities for enhanced representation of social actors in socio-economic matters which could possibly lead to their effective cooperation in VET and its development; an area which could be pursued in future research.

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And only now, after my PhD, I can agree with John A. Wheeler when he says: *“We live on an island surrounded by a sea of ignorance. As our island of knowledge grows, so does the shore of our ignorance”*.

Salma Soliman - April 2011

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LIST OF ABBREVIATIONS

ABA	Alexandria Businessmen Association
ABA	Alexandria Businessmen Association
BEBA	British Egyptian Businessmen Association
EBA	Egyptian Businessmen Association
EFI	Egyptian Federation of Industries
ERSAP	Economic Reform and Structural Adjustment Programme
ETP	Enterprise Training Partnership
ETUF	Egyptian Trade Union Federation
EU	European Union
FECC	Federation of Egyptian Chambers of Commerce
GDP	Gross Domestic Product
Gtz	German Agency for Technical Cooperation
HPAE	High Performing Asian Economies
IFOs	International Financial Organisations
ILC	International Labour Conference
ILO	International Labour Organization
IOE	International Organisation of Employers
ITC	Industrial Training Council
L.E.	Egyptian Pound

LMI	Labour Market Information
MENA	Middle East and North Africa
MKI	Mubarak-Kohl Initiative
MNCs	Multi-National Corporations
MoE	Ministry of Education
MoHE	Ministry of Higher Education
MoHR	Ministry of Housing and Reconstruction
MoMM	Ministry of Manpower and Migration
MoTI	Ministry of Trade and Industry
PVTD	Productivity and Vocational Training Department
RCC	Revolution Command Council
SBS	Segmented Business Systems
SDP	Social Dialogue Project
SSP	Social System of Production
UNESCO	United Nations Education, Scientific and Cultural Organisation
UNESCO- UNEVOC	International Centre for Technical and Vocational Education and Training
USA	United States of America
USSR	Union of Soviet Socialist Republics
VET	Vocational Education and Training

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1. INTRODUCTION

This thesis aims to provide an institutional and historically-informed analytic framework to the policy problem of VET and its development in Egypt. VET is a wide-encompassing term that combines theory and practice¹. UNESCO and the ILO offer an extensive definition of VET as ‘*a comprehensive term referring to those aspects of educational process involving, in addition to general education, the study of technologies and related sciences, and the acquisition of practical skills, attitudes, understanding and knowledge relating to occupations in various sectors of economic and social life*’ (2002:7). The development of an effective VET system has become increasingly important in recent decades to Egypt and more widely the Middle East and North Africa (MENA²) region due to its potentially significant economic and social contributions.

The study focuses on the Egyptian case for four main reasons. First, it is the most populous country in the Middle East and North Africa (MENA) region with a population of 83.0 millions³. Opportunities for business and economic development are hindered by low levels of workforce development and training, as illustrated by an underdeveloped and fragmented VET system. An underdeveloped VET system is perceived to be a major obstacle to developing business capacities in Egypt. Second, Egypt has one of the highest levels of youth/adult unemployment in MENA (Kabbani

¹ There is a debate in the literature on the differences and similarities between Vocational Education and Vocational Training (e.g. Gill *et al*, 2000; Winch, 2000; Clarke and Winch, 2007; Rauner and Maclean, 2009). In this study, reference is made to both types of learning and thus the term Vocational Education and Training (VET) as defined by the UNESCO/ILO (2002). This definition stretches VET and related challenges beyond the confines of the educational system and allows for more institutional influences to be explored.

² See Chapter 2 for a definition of MENA region.

³ Algeria is the second most populous country with 34.9 millions.

and Kothari, 2005). Third, Egypt represents one of the top recipients of development aid in MENA (Harrigan et al., 2006). Fourth, the country was nominated as *the World's top reformer* in 2007 by the World Bank (El-Mahdi and Marfleet, 2009:2). These characteristics explain why Egypt is a particularly interesting case study for understanding the reasons behind the ineffectiveness of VET and its development.

There is a wide consensus across national and international bodies on the relative ineffectiveness of Egyptian VET despite its increasing significance to economic and social development. For decades, VET development policies have been based on a largely neo-liberal perspective to the problem; a mismatch between the supply and demand of VET in the labour market. Accordingly, the Egyptian government with the assistance of international organisations has focused on adopting Western VET models that have proved to be successful in other countries, such as the attempt to adopt the German VET model in Egypt through the Mubarak-Kohl Initiative. Little emphasis however was put on the extent to which the Egyptian institutional configuration is capable of supporting these VET models or more generally an effective VET system. In other words, such VET development policies fail to effectively address the main institutional challenges that have contributed to the ineffectiveness of the system over time.

The study critically deploys concepts from institutional theory in relation to this policy problem. Whitley's institutional framework (1999), an archetype of which for developing economies is the segmented business systems suggested by Wood and Frynas (2006), suggests a number of key institutions, which *inter alia*, support increased levels of human development. These institutions' characteristics vary widely across developed and developing economies; nevertheless, the framework is still relevant to developing countries, albeit with some exceptions (Wood and Frynas,

2006). The institutional analysis is supported with two supplementary dimensions: (i) a historical investigation of the origins of key institutional influences on VET; and (ii) the influence of international organisations through the case of the ILO social dialogue project. These offer deep insights into the origins of institutional incoherencies that challenge VET and explore attempts to enhance key institutional deficiencies and the degree of its influence on VET.

The study contributes to the understanding of VET in Egypt and its continuing ineffectiveness. It concludes that Egyptian VET is embedded in a historically developed set of incoherent institutional arrangements that have prevented the development of effective investments in VET. The ILO's attempt to strengthen key institutional arrangements and notably state-employer-union relationships, through the ILO Social Dialogue Project proved to be relatively ineffective. Nevertheless, as suggested by the Segmented Business Systems approach (Wood and Frynas, 2006) to which the Egyptian case largely corresponds, there are some exceptions to this general rule. There are some positive institutional arrangements evident on a sectoral level. Employers in the tourism sector, which is exposed to international markets and competition, are willing to cooperate in VET. These tendencies are reflected on the enterprise level (in tourism) in higher employer-employee interdependence in the provision of VET. On a regional level, these are in the form of enhanced employer-employer cooperation which could possibly be extended to VET provision. Also, there is an instance where effective VET programme was launched as a result of state-employer-union cooperation in the small region of Al Marg.

Such a segmented institutional fabric suggests that the development of VET policies should follow sectoral and/or regional patterns as opposed to adopting a largely ineffective top down approach at the national level. This would allow strategies to

take into account numerous formal and informal aspects and issues that are specific to each sector, which is currently not the case with VET policies. The study also argues that the ILO needs to follow a bottom-up approach to enhancing tripartite relations, using localised experiences as potential pilots for developing and generalising successful embryonic initiatives. On the theoretical level, the study confirms the proposition that the Egyptian institutional environment largely corresponds to the segmented business systems archetype (Wood and Frynas, 2006). The thesis also makes a contribution to Whitley's institutional framework as it argues for a better integration of the historical and political dimensions into institutional analysis. These identify patterns of continuities and ruptures in institutional relationships over time in ways that foster understanding of institutional incoherencies and influences, all of which offer deeper insights into institutional structures. It also proposes the inclusion of state relations with international organisations as a key influence on institutional actors in developing countries as these tend to indirectly influence state relations with key institutional actors in these contexts.

1.1. RESEARCH AIMS, OBJECTIVES AND RESEARCH QUESTIONS

The overall aim is to provide an institutional analytic framework to the policy problem of VET and its development. This is pursued through a number of objectives:

- Critically deploying Whitley's institutional framework to explore institutional influences on Egyptian VET.
- Offering a historical and politically informed analysis of key institutional features and relationships influencing VET since the 1950s.

- Analysing institutional actors' mutual perceptions of the contributions and cooperation of state, employers and unions in VET.
- Exploring ILO attempts to enhance one of the key institutional features influencing VET; state-employer-union relations and dialogue, through the ILO Social Dialogue Project (ILO SDP).
- Analysing institutional actors' perceptions of ILO SDP influence on state-employer-union relations and cooperation in VET.

These objectives are approached through three research questions:

RQ1: *In what ways has the institutional environment influenced VET in Egypt?*

RQ2: *What are the mutual perceptions of the key institutional actors of state, employer and union inputs and cooperation in VET?*

RQ3: *in what ways do institutional actors perceive the ILO SDP to have influenced state-employer-union relationships and VET development?*

1.2. STRUCTURE OF THE STUDY

The first chapter introduces the main arguments, the contributions and the structure of the thesis. Chapter two discusses historic patterns of VET development in developing countries. The discussion is then funnelled down to the Middle East and North Africa (MENA) region, through discussing VET in the region and the challenges it faces with a special reference to the Egyptian case. Finally, the main argument is introduced; an institutional approach to the problem of VET offers the prospect of a contextual and deep understanding of the problem in a way not offered by the neoliberal perspective.

The third chapter provides a working definition for institutions after a literature review of the main institutionalist approaches. This is followed with a discussion of early contributions and the major works of researchers in the field. Whitley's institutional framework is chosen to be critically deployed here to explore the influences of the institutional environment on VET. Chapter four discusses the ways in which institutional theory can help understand VET in developed, and more importantly for our purposes in this case, developing countries.

Chapter five analyses the institutional context surrounding VET in Egypt with the aim of answering the first research question. The analysis provides propositions which are investigated through the second and third research questions. Chapter six discusses the methodological approach to our research design and methods of data collection. The empirical results are analysed in Chapter seven together and findings are identified. Finally, Chapter 8 concludes by identifying our contributions, policy recommendations and suggestions for future research developed.

2. THE HISTORIC DEVELOPMENT OF THE CURRENT VET POLICY ISSUE

2.1. INTRODUCTION

Since the 1950s, VET was the focus of educational development policies in developing countries until the 1980s when the emphasis shifted to basic education. In the Middle East and North Africa (MENA) region, the situation was coupled with low rates of industrialisation and economic growth which across time added to the ineffectiveness of VET. In recent years, national and international organisations developed a consensus on the economic potential for VET to growth in the region. Nevertheless, the suggested VET development policies have been largely *market-driven*. This chapter argues against the current simple market-oriented approach to VET development, and suggests an alternative institutional approach.

2.2. VET IN DEVELOPING COUNTRIES: SHIFTS IN DEVELOPMENT POLICIES

Since the early 1950s, there has been a wide spread '*conventional wisdom*' that VET is key to the economic development of newly decolonised Third World countries (Foster, 1992:149). A number of reasons were given to justify this orientation. First, after decolonisation, there was a tendency to replace experienced expatriate workers and technicians with nationals and therefore investments in VET to upgrade the skills and experiences of workers were necessary. Second, these countries had high hopes for high levels of industrialisation and VET had been considered an important source of skilled workforce necessary for such developments (Adams et al., 1992; Middleton and Ziderman, 1993). Third, VET was, and continues to be, regarded as a means of reducing unemployment, especially amongst youth, by offering individuals skills for employability. Fourth, governments have always considered VET as a means of

enhancing social equality and access to education; especially since it offers a chance for the less-academically able individuals. This could also reduce the rates of unemployment (Foster, 1992; Adams et al., 1992; Middleton and Ziderman, 1997; Oketch, 2007).

VET in these countries has largely been developed along '*Western paradigms*' as Watson (1994:85) dubs them, under the guidance of international organisations. The latter offered VET in developing countries massive financial and technical support until the 1980s. For instance, by the 1980s the World Bank's investments in VET reached US\$ 432 million, rising from US\$ 43 million in the 1970s, accounting for 25% of total investments in educational development (Middleton and Ziderman, 1997). On the technical front, the International Labour Organisation (ILO) started to send technical assistance missions to developing countries, such as Egypt, India and Brazil, to help upgrade their VET systems (ILO, 1957).

2.2.1. A shift away from VET

After two decades of such support, international organisations led by the World Bank realised that VET was not meeting its intended objectives. This was in part ascribed to the Manpower Requirements Approach (MRA). The latter focused on calculating long-term manpower requirements in economies based on the Leontief-type input-output model (Bennell and Segerstrom, 1998). The MRA was criticised by the neo-liberal school of thought, which had become influential in the World Bank and its policies. Neo-liberals pointed to a number of shortfalls of the MRA approach; (i) in many countries future manpower projections were inflated and thus individuals could not find jobs after finishing their VET. This contributed to an increase rather than a decrease in unemployment rates; (ii) it ignores the rate of return to investment which for VET had been relatively low as compared to basic education in developing countries; (iii) the approach was supply-driven and thus did not take into consideration different elements of the demand side. These arguments were first

brought up by Philip Foster's in his work '*The Vocational School Fallacy*' in 1967 but gained wide acceptance by the end of the 1980s (e.g. Foster, 1987; Psacharopoulos, 1991). Since then, the World Bank's policy on educational development: (i) has shifted away from the previous massive support for VET; for instance in 1996 the share of VET fell sharply to 3% of total expenditure on education (Bennell and Segerstrom, 1998); (ii) has become *market-oriented* dealing with VET and its development as a matter of supply and demand mismatches with a special focus on the *demand side* of the problem (King et al., 2007; Oketch, 2007; Middleton and Ziderman, 1997).

The neo-liberal approach to VET was part of the new trend of economic liberalisation supported by the Bretton Woods organisations based on the ideologies of neo-classical economics (Wood and Frynas, 2006). By the 1990s, the IMF and the World Bank have initiated Structural Adjustment Programmes in many developing countries and have worked with their governments towards economic decentralisation, liberalisation, privatisation and maximisation of rates of return and other areas of reform in different aspects of the economy. On the educational front, the neo-liberal approach has argued for leaving VET and its development to individuals and private employers with the state acting as a *facilitator* to the process (Canagarajah et al., 2002; Yamada and Matsuda, 2007). The World Bank was not interested in VET *per se* as it used to be in the 1960s and 1970s as indicated before and instead it focused on basic education and more generally on *capacity building* of the educational system in developing countries (Canagarajah et al., 2002).

2.2.2. Arguments against the new policies

This new approach to VET has been criticised by several researchers (e.g. Bennell and Segerstrom, 1998; Lewis, 2009). They argue that the failure of VET to realise intended targets, such as manpower requirements, unemployment reduction and

others, in developing countries should have led the World Bank to reconsider the implementation of VET policies rather than disregarding the system as a whole. They further argue that VET and its development cannot be merely based on economic policies and strategies; neither can it be left to the private sector with minimum state intervention (Watson, 1994; Bennell and Segerstrom, 1998). The German VET system and the idea *Bildung* (and vocational engagement through *Ausbildung*) was used to support this argument. As in Germany, so more widely, VET is likely to be successful when the system is entrenched in the social fabric as a concept of work and continuous personal and professional development rather than simply a set of strategies that can help attain certain economic aspirations (Winch, 2006; Lewis, 2009). The availability of guidance from the state and the use of a mixture of incentives to encourage as well as rules to oblige different actors' participation in the system are necessary for the development of VET (Thelen, 2004). These and similar arguments did not gain any acceptance until the 1990s.

2.2.3. A Renewed Interest in VET

By the new millennium, there were increases in the enrolment rates in basic education. Nevertheless, the quality of education has not improved but in some cases as in Egypt for instance has been deteriorating (Radwan, 2002; World Bank, 2007). On the VET front, little progress has been achieved on the issue of shortages in vocational skills in developing countries; a problem which has become significant in a way that hampers business competitiveness and more general economic development in some regions, such as MENA (King et al., 2007; OECD, 2010a). By that time, a new strategy was adopted, refocusing development efforts on the development of *general skills* through *enhanced levels of VET*. A number of policy papers by the World Bank and other international organisations, such as the ILO, were undertaken to find out ways of enhancing systems of skill development in general (King et al., 2007) with a re-focus on VET in particular regions, such as the

Middle East and North Africa (e.g. Heyneman, 1997; Gill et *al.*, 2000; Abrahart, 2003; ETF and World Bank, 2006; Amer, 2007).

2.3. VET IN THE MIDDLE EAST AND NORTH AFRICA (MENA) REGION

The Middle East and North Africa (MENA) region shares two major features; language and religion⁴, and accordingly international organisations and donor agencies continue to address the issues of the region collectively despite the numerous political, economic and social differences between the MENA countries. In the literature, MENA countries are distinguished according to (i) the geographical location; (ii) economic performance and per capita GDP; and (iii) type of regime; oil/non-oil monarchies and single party regimes (Cammatt and Posusney 2010). Other distinctions are based on the labour market; labour-importing and labour-exporting countries (e.g. Agénor et *al.*, 2003). These distinctions lead to quite similar groupings of countries; for instance, Saudi Arabia and Bahrain are both high-income, labour-importing oil monarchies in the Gulf whereas Tunisia and Egypt are lower middle income, labour-exporting, single-party states in North Africa. For these reasons, the research uses North African countries as a comparator for Egypt whenever necessary during the discussion, as these countries have more in common with Egypt than the Gulf countries.

As other developing countries, the MENA region witnessed increased investment levels and expansion of VET since the 1950s; however, these were not sustained beyond the 1970s. Some researchers analyse this fall in VET investments mainly from a cultural perspective. For instance, Georgie Hyde (1978) uses evidence from Egypt to argue that VET has always been perceived as a low prestige option. More

⁴ MENA here refers to the Arab Middle East to exclude non-Arab speaking countries in the region; Turkey, Iran and Israel (e.g. see Schwarz, 2008: 616).

recent studies, such as the work of Abdul Ghafour Al Heeti and Colin Brock (1997) argue that although Islam supports vocational and manual work, Arabs have always had an inferior image of VET, even prior to the spreading of Islam in the region (Al Heeti and Brock, 1997). Hence any support for VET is likely to be temporary as it is not deeply entrenched in Arabs' social norms and values (Al Heeti and Brock, 1997). This perspective offers some insight, but it would be erroneous to disregard other political and economic circumstances that have led to decelerated levels of VET investments and effectiveness in the region.

2.4 POLITICAL AND ECONOMIC CHANGES IN MENA AND THEIR INFLUENCE ON VET

Post- World War II, the MENA region has largely followed an *interventionist-redistributive* trajectory to development (Yousef, 2004:92; Richards and Waterbury, 2008). Thus, the state has become the main instrument for political, economic and social development. An increased wave of import -substitution industrialisation was in place as a means of reducing economic dependency (Waterbury, 1998; Hinnebusch, 2001). This was coupled with waves of land reform and nationalisation of foreign and privately owned assets as a means of redistributing wealth, especially in the newly independent states (Waterbury, 1998; Hinnebusch, 2001). These statist policies have had more adverse effects on the size and power of the private sector in the newly independent states, such as Egypt, Syria and Tunis, than in monarchies, such as Jordan (Yousef, 2004).

The region witnessed unprecedentedly high levels of social and economic growth from the 1950s until the end of the 1970s (Waterbury, 1998; Yousef, 2004). Between 1960 and 1985, the growth rate of per capita GDP in MENA was 3.7 percent per year, according to the World Bank (2004), as compared to 1.6 percent per annum growth in

GDP per capita in Latin America and the Caribbean region and 4.3 percent in East Asia (World Bank, 2004). During this period, there were massive levels of industrialisation and investments in physical capital by MENA states. The public sector and state-owned enterprises have widely expanded accordingly, including further expansions in the educational system (Richards and Waterbury, 2008). Oil revenues supported the economic boom and in the 1960s MENA had the highest economic growth rates in the world at 6.0 percent per worker per year (Yousef, 2004: 96). High economic performance was accompanied by advances on the social front, such as expansion of the system of education including VET, expansion of health services and enhanced employment rates.

These high levels of economic and social performance did not continue through the 1980s as the region slipped into a debt crisis. There were signals of this crisis in the high growth period of the 1960s and 1970s as the increased levels of economic growth were not translated to increased productive capacity but instead were used to fuel public sector expansion and ensure its protection from competition. Thus, resources were misallocated to areas that could not sustain economic growth in the long run (Véganzonès –Varoudakis and Pissarides, 2007). Thus, falling oil prices in the 1980s had a severe negative influence on MENA economies. This was accompanied with reductions in remittances, increased unemployment as a result of reduced demand for migrant labour and increased international competitiveness (Shafik, 1998; Al-Sayyid, 2001). Economic growth had dramatically decelerated as a result at an estimated rate of -3.5 per year throughout the 1970s (Yousef, 2004:99). All of these circumstances resulted in accumulated levels of debt and many MENA states were compelled to resort to international assistance. By the end of 1980s, many MENA countries had resorted to the international financial institutions; mainly the IMF and World Bank for economic assistance and programmes of structural adjustment were initiated in these countries (Harrigan *et al.*, 2006; Richards and Waterbury, 2008).

2.4.1 Influences on VET: A period of VET Expansion

New policies of import substitute industrialisation and nationalisation in the region supported a wave of increased investments in VET to replace expatriate labour and fuel industrial development (Hyde, 1978). This trend was common to many newly independent countries and supported by international donor organisations at the time (Bennell and Segerstrom, 1998; Oketch, 2007). Nevertheless, the statist approach to development in the region extended to VET and educational development more generally. The latter occurred in a highly centralised manner whereby the state assumed the main role in VET and its development. Educational budgets have been allocated in terms of previous years' budgets with little reflection on the needs of the economy and with almost no consultation with other institutional actors (Gill *et al.*, 2000; World Bank, 2007).

Economic growth in the region in the 1960s and 1970s resulted in expansion of the educational system. For instance, school enrolments almost doubled and the rate of illiteracy in the region fell from 60 percent to 40 percent by the 1980s (Yousef, 2004). Nevertheless, such expansion emphasised quantity of education over quality. In other words, despite the increased levels of enrolment in education, the quality of MENA students and graduates is amongst the lowest in the world (World Bank, 2007). The VET system in particular is argued to have eventually developed to be a functional system mainly concerned with the provision of qualifications regardless of their quality (ETF and World Bank, 2006).

2.4.2. A shift away from VET

The initiation of Structural Adjustment Programmes in the region in the 1990s marked the beginning of a shift in emphasis away from VET to basic education, following the World Bank's neoliberal ideology. It also called for a decentralisation

of the system, arguing that investments in VET are best left to individuals and enterprises in the private sector. The World Bank used the experience of High Performing Asian Economies (HPAE) as an example to support its new educational policies. The World Bank emphasised HPAE reliance on high investments in primary and basic education and their contribution to the high levels of industrialisation and economic growth achieved by these countries (World Bank, 1993; World Bank, 2004). Less emphasis was put on the fact that they shifted their investments to VET early in the industrialisation process (Lewis, 2009). For instance, in the 1960s South Korea focused on export-oriented industrialisation; a policy that did not call for highly skilled workers but required a minimum level of education (Ashton and Green, 1996). Hence, the state promoted *Confucian values* that accentuate basic education and relied on slogans such as ‘*nation building through education*’ and ‘*education for economic development*’ to promote these values nationwide (Adams and Gottlieb, 1993: 26 in Ashton et al., 1999). In the 1970s this strategy was changed as the country started a new phase of industrialisation; investments in Heavy Chemicals in 1973, towards a focus on VET to secure required quantities and qualities of skilled and semi-skilled workers (Ashton et al., 1999). By the mid 1980s, the percentage of students in the VET path accounted for 40% of all secondary school students in the country. Such a VET trajectory was largely ignored by the World Bank in its argument against vocationalisation policies (Bennell and Segerstrom, 1998). The World Bank is also argued to have put little emphasis on the relatively high levels of state interventionist policies in HPAEs in VET and its development and more generally in the industrialisation process (e.g. Wade, 1990; Amsden, 1994; Kwon, 1994; Brohman, 1996).

The World Bank’s new educational emphasis was introduced at a time when the scope of VET was already high in some MENA countries. For instance, in Egypt VET represented 60 percent of all secondary school enrolments by the mid-1990s (Humphreys and Oxtoby, 1995) and VET public centres expanded from below 100 in

the 1950s to 1,222 centres in 1998 (Hyde, 1978:151; Abrahart, 2003:9). MENA governments, like governments of other developing countries, have used VET as a means to reduce the burden on general and university education and to reduce social exclusion by accommodating failing students (Hyde, 1987; Gill *et al.*, 2000). The expanded VET system was thus left with further limitations on its already scarce financial resources due to reductions in the World Bank's investments. This resulted in further complications that have negatively influenced the effectiveness of VET in the region.

2.4.3 A renewed interest in VET

Over the last decade, there has been a renewed interest in VET in MENA. The economic significance of VET has been widely acknowledged by national and international organisations but the high level of VET ineffectiveness in the region continue to be a major constraint (e.g. Gill *et al.*, 2000; van Eekelen *et al.*, 2001; Billeh, 2002; Handoussa and Tzannatos, 2002; World Bank, 2004; Kabbani and Kothari, 2005; Bardak, 2006; ETF and World Bank, 2006; Véganzonès –Varoudakis and Pissarides, 2007; World Bank, 2007;). The economic significance of VET is illustrated below through the Egyptian case, the focus of this study. This is followed by a discussion of the challenges faced by VET in the region, with special reference to Egypt.

2.5. WHY VET MATTERS: THE SIGNIFICANCE OF VET TO THE EGYPTIAN ECONOMY

The Egyptian economy has undergone various changes and developments since the beginning of the third Millennium. On a legislative level, a number of new laws have been passed that have enhanced the business climate, such as the Competition law,

the Banking statute of 2003, Tax and Customs laws (OECD, 2007; Kalhoefer and Salem, 2008). On the governmental level, new Ministerial bodies have been established; the Ministry of Communication and Information Technology in 2003 and the Ministry of Investment in 2004. The latter has become a major player in economic development under the new technocratic government that was appointed in July 2004 (OECD, 2007). The new cabinet is a mixture of big businessmen and western-educated academics who have promoted an agenda of *reform* to the Egyptian economy through opening to international forces and increasing its global competitiveness (Kalhoefer and Salem, 2008). The business-friendly new government conducted reform along the neo-liberal agenda driven by the IMF and the World Bank (El-Mahdi, 2009).

The new government's policies have boosted economic growth which is showing its highest rates since the ERSA programme in the 1990s. This is not to argue that the new government has been entirely successful as evaluation of its performance requires an extensive review of progress on political, economic and social levels. However, it is important to note that the Egyptian economy has reached an unprecedented real GDP growth rate of 7.2 percent in June 2008⁵ as compared to 3.2 percent in June 2004 (El-Sherif, 2010).

2.5.1. Economic growth and VET effectiveness

Growth in GDP rates have been mainly led by the private sector whose share in the economy has been increasing since 2004. As shown in Table 2.1, in 2007/08 private sector contributions to real GDP growth have reached 68 percent representing 4.9 percent points of the total GDP growth of 7.2 percent (ENCC, 2009). The main

⁵ This rate of real GDP growth has been dropped to 4.5 percent in June 2009 due to the global financial crisis (El-Sherif, 2010).

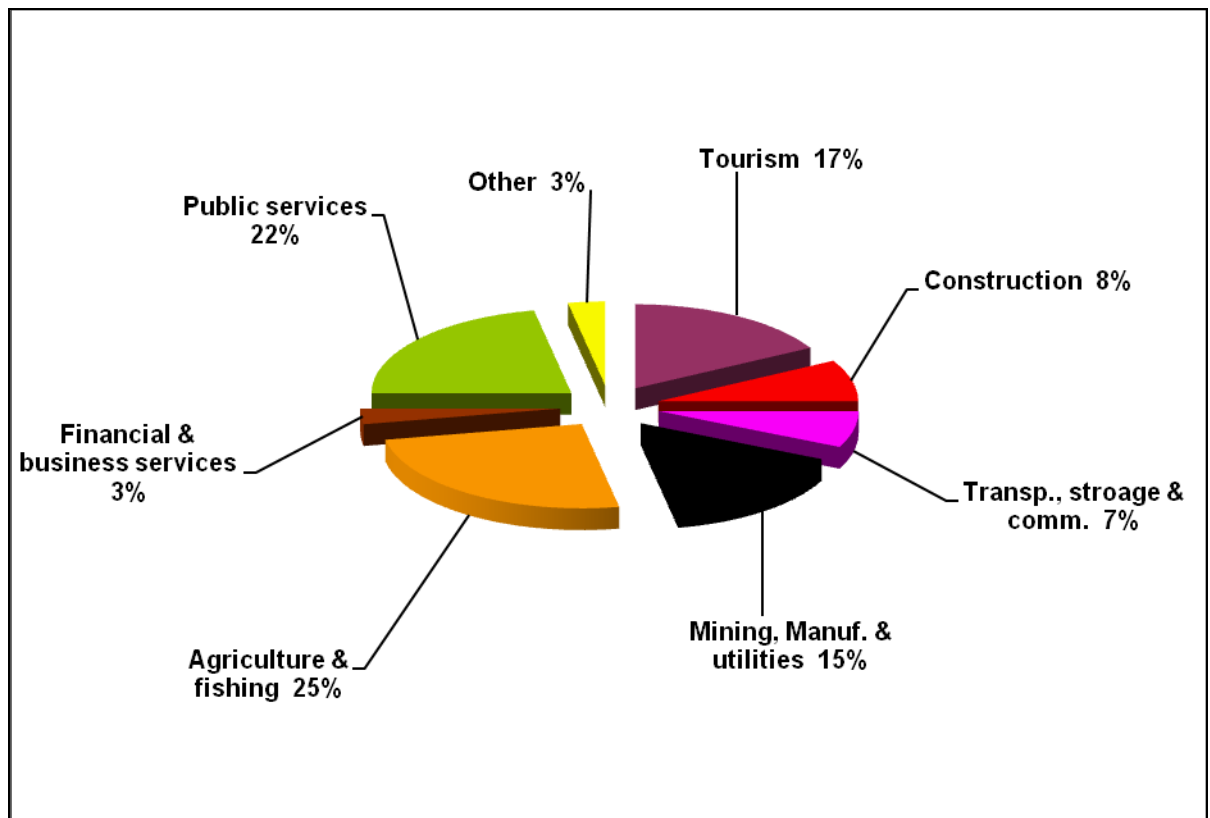
drivers of this growth have been investments in construction activities, manufacturing, transport and communication and tourism sectors in particular (ENCC, 2009).

Table 2.1: Private and Public Sector Contributions to Real GDP Growth in 2004/2005 to 2007/2008								
	2004/2005		2005/2006		2006/2007		2007/2008	
	Private	Public	Private	Public	Private	Public	Private	Public
Agriculture, Woodlands & Hunting	0.53	0.00	0.53	-0.01	0.57	0.00	0.47	0.00
Extractions	0.07	0.48	0.28	1.35	0.08	0.26	0.12	0.47
Manufacturing Industries	0.74	0.11	0.99	0.12	1.23	0.14	1.15	0.14
Electricity	0.01	0.11	0.01	0.14	0.01	0.1	0.00	0.11
Water	0.00	0.02	0.00	0.03	0.00	0.03	0.00	0.02
Construction & Buildings	0.19	0.03	0.54	0.07	0.67	0.07	0.58	0.05
Transportation & Communication	0.42	0.07	0.52	0.08	0.62	0.09	0.59	0.21
Suez Canal	0.00	0.47	0.00	0.31	0.00	0.5	0.00	0.61
Whole Sale & Retail	0.35	0.02	0.73	0.02	0.92	0.04	0.75	0.03
Financial Intermediaries & Supporting Services	0.09	0.15	0.11	0.2	0.15	0.26	0.11	0.19
Insurance & Social Insurance	0.00	0.1	0.00	0.13	0.00	0.16	0.00	0.24
Restaurants & Hotels	0.61	0.01	0.15	0.00	0.44	0.01	0.83	0.01
Real Estate Activities	0.11	0.01	0.14	0.01	0.15	0.01	0.1	0.00
Public Government	0.00	0.3	0.00	0.33	0.00	0.32	0.00	0.18
Education, health, social, cultural, entertainment & personal services	0.12	0.00	0.15	0.01	0.21	0.01	0.2	0.01
Other Services	--	--	0.07	0.00	0.12	0.00	--	--
Sub-Total of Sectors	3.24	1.88	4.22	2.78	5.18	1.99	4.91	2.27
Total Real GDP Growth Rate	5.12		7.00		7.17		7.18	

(ENCC, 2010:70)

As shown in Figure 2.1, these sectors collectively represent about 50% of national employment. Growth of these sectors can thus contribute to enhancement of employment rates. Unlike some sectors such as agriculture (which relies on unskilled and semi-skilled workers) these sectors require high levels of skills; a requirement that is largely lacking in the labour force (ETF/World Bank, 2006; World Bank, 2007; Amer, 2007; Assaad, 2007; ENCC, 2009; 2010; OECD, 2010). In that sense, low levels of skills and more specifically VET levels can have a doubling effect as they pose serious economic challenges on; (i) the potential development of these sectors and in turn future GDP growth; (ii) the rate of employment in the economy, which has been decreasing recently, especially among the youth.

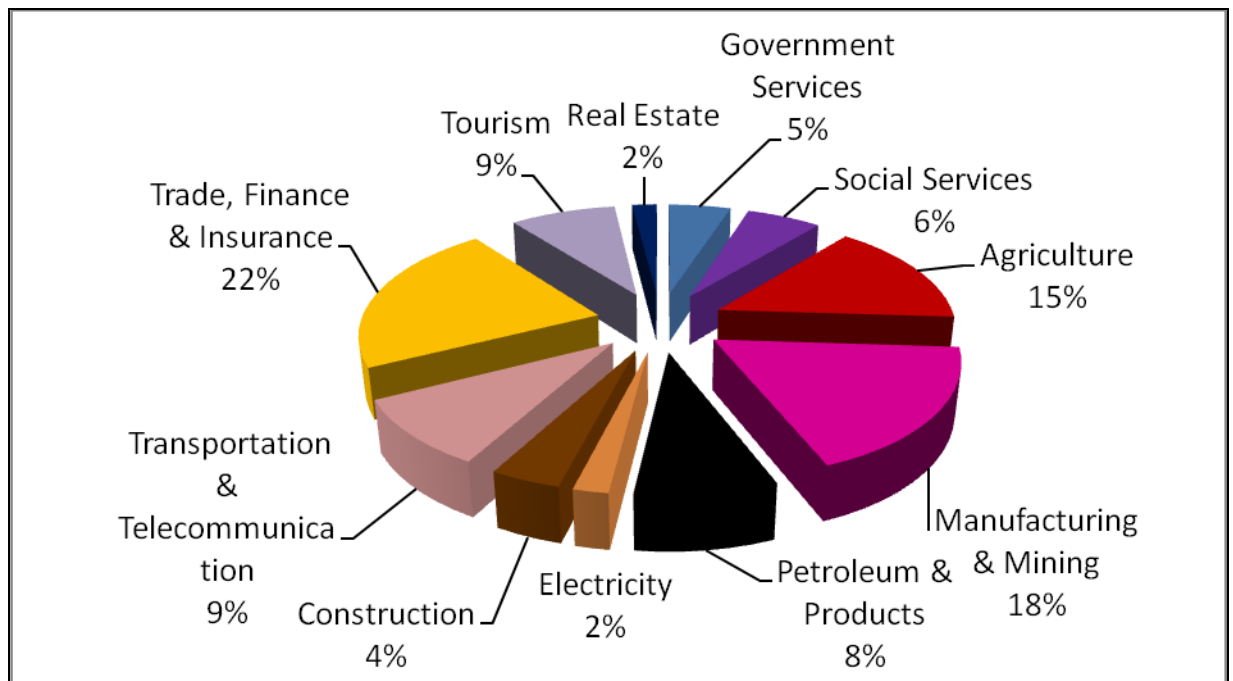
Figure 2.1: Distribution of employment by sector of economic activity in 2006



(Adapted from Assaad, 2007)

The situation can be briefly illustrated through the case of the tourism sector; one of the most crucial industries and a main source of foreign currency. In 2009, the share of tourism from Egypt's real GDP was 9 percent (see Figure 2.2). The sector represents 17% of national employment, as shown in Figure 2.1 (ENCC, 2009). However, it faces serious challenges imposed by both endogenous and exogenous factors. The latter were shown in the global financial crisis which has negatively influenced the sector's performance. In 2004/05, tourism's contribution to the balance of payments was 6.4 billion US dollars but this dropped to 1.5 billion US dollars in the second half of 2008 and it is expected to show further reductions in the coming years.

Figure 2.2: Structure of the Egyptian economy – sector share of GDP in 2009



(Adapted from El-Sherif, 2010)

Endogenous challenges on the macroeconomic level hampering the sector's growth and international competitiveness more generally include an inefficient VET and more generally a poor level of human resources (ENCC, 2009; 2010; OECD, 2010). This constrains the growth, development and international competitiveness of the tourism sector which faces severe competition from strong international players, such as East Asia and Europe (OECD, 2010). This has been considered to be a priority area of reform argued to be necessary for enhancing Egypt's business climate and the country's global competitiveness, as suggested by the OECD⁶ (OECD, 2010).

2.5.2. Egypt's Global Competitiveness and levels of VET

The developments realised since 2004 have to some extent enhanced Egypt's business climate and the country's global competitiveness. Nevertheless, Egypt's ranking on the Global Competitiveness Index has deteriorated from the 77th out of 131 in 2007/8 to 81st out of 134 in 2008/09; in 2010/11 it ranked 81st out of 139. This situates Egypt towards the end of the spectrum as compared to other countries in the MENA region. For instance Tunisia ranked 32 out of 139 in 2010/11, Jordan ranked 65, Morocco ranked 75, Algeria ranked 86 and Lebanon ranked 92 in the same year. Egypt enjoys some competitive advantages that can enhance its position in comparison to other MENA countries, and indeed internationally. For instance, its relatively large market size; a population of 83 million (whereas Tunisia and Jordan are 10.3 and 6.3 million respectively), is capable of attracting investments. Nevertheless, the country fails to make the best use of this advantage due to other constraints, such as its ineffective bureaucracies, corruption, what is claimed to be an overregulated labour market and ineffectively skilled labour (ENCC, 2009; OECD, 2010; Schwab, 2010). The latter is perceived to be the third most constraining factor when doing business in Egypt

⁶ MENA-OECD Investment Programme on Business Climate Development Strategy (BCDS) that suggests 12 dimensions of reform to enhance BCDS.

according to the 2010 Arab World Competitiveness report⁷ (Hanouz and Khatib, 2010) Hence, VET has been a major factor within Egypt's deteriorated competitiveness on the GCI (ENCC, 2009; Schwab, 2010).

As shown from this discussion and as argued by the OECD, Egyptian National Competitiveness Council, the World Economic Forum, World Bank, European Union and other national and international bodies, enhancement of VET effectiveness is crucial for the development and competitiveness of the Egyptian economy in general (ETF/World Bank, 2006; ENCC, 2008; ENCC, 2009; OECD, 2010; Schwab, 2010). However, the challenges facing Egyptian and MENA VET have reduced the system's effectiveness over time.

2.6. CURRENT UNDERSTANDINGS OF VET INEFFECTIVENESS

The ineffectiveness of VET in Egypt and the wider MENA region has been widely asserted by national and international organisations (e.g. Heyneman, 1997; Abrahart, 2003; Agénor et al., 2003; Yousef, 2004; Bardak, 2006; ETF and World Bank, 2006; Amer, 2007). The problem has been widely theorised as one of VET demand and supply mismatches⁸ resulting from several challenges.

MENA governments have assumed a *dirigiste* role in VET and its development. Moreover, responsibility for VET within the state is fragmented across various public bodies in a way that hampers rather than supports VET development (Gill et al.,

⁷ Corruption comes at the top of the list followed by inflation.

⁸ There is a wide body of research on education and jobs mismatches that analyse the problem from different perspectives, such as credentialism, overeducation and underemployment (for more information on the debate see e.g. Halaby, 1994; Borghans and de Grip, 2000; Livingstone, 2009)

2000; ETF and World Bank, 2006; World Bank, 2007). For instance, the performance of the relatively successful MANFORME programme of *Mise a Niveau de la Formation Professionnelle et de l' Emploi*⁹ in Tunisia has been strongly constrained by the fragmentation of the project across different bodies (Bardak, 2006; Aubert and Reiffers, 2003). Similarly, VET fragmentation has been a challenge to the Egyptian Mubarak-Kohl Initiative that aims at developing the German dual system of VET in Egypt (Grunwald et al., 2009). Such fragmentation is more problematic given the ineffective bureaucracies of the different bodies involved and their resistance to any change, even when positive (Aubert and Reiffers, 2003).

VET'S relatively high centralisation has led to the marginalisation of employers and workers in VET design, delivery and evaluation. As a result, VET quality has deteriorated as its content has gradually become outdated and detached from technological developments and the ostensible social 'targets' of the VET, i.e. workers and employers (Humphreys, and Oxtoby, 1995; Al-Qudsi, 1996). There have been attempts to enhance the involvement of employers in the process of VET provision but these are difficult to sustain, as in Jordan where after their initial agreement to participate in VET design, employers started to lose interest (ETF and World Bank, 2006). In Egypt, there are attempts to develop curricula in cooperation with employers. Some technical colleges started to rely on teams consisting of an employer, a teacher (civil servant) and a professor to develop curricula (AED, 2008). Although this is a positive step towards employer involvement it cannot be considered representative of employers across the sector (AED, 2008). Also, there are no representatives of labour and the small team increases the chances of capture by the interests of any of the parties involved.

⁹ MANFORME has been established with the assistance of the World Bank and the European Union to enhance VET quality using a *demand-driven* approach (Bardak, 2006). For more details on MANFORME and Human Resource Development in Tunisia see Mahmoud Yagoubi in Kamoche, K. (2004) *Managing Human Resource in Africa*, and Routledge: London.

Teaching continues to depend on rote learning with little practical training due to the scarcity of resources to (i) hire experienced trainers; and (ii) afford laboratories with up-to-date and sufficient quantities of tools and machinery (Gill *et al.*, 2000; World Bank, 2007). Finally, the quality of VET has been negatively influenced by the poorly qualified individuals resorting to this route (ETF and World Bank, 2006). MENA governments, in common with other developing countries' governments, have relied on VET to absorb academically less qualified individuals (Middleton and Zideman, 1997; Oketch, 2007). This is a critical challenge to the development of VET which cannot be upgraded without the availability of recipients with the capacity to learn and reflect on their learning and experiences¹⁰ (ETF/World Bank, 2006).

Policy literature on VET and its development argues that it will be sufficient to reform VET along 'market-driven' lines (e.g. Heyneman, 1997; Gill *et al.*, 2000; Abrahart, 2003; Bardak, 2006; ETF and World Bank, 2006; Amer, 2007; El-Hamidi, 2009). Governments have been advised to work on making VET less centralised and more *demand-driven* in order to better meet the needs of employers. Whereas the system definitely needs to become more flexible, this approach assumes that there is a genuine '*market*' for VET that is responsive to the forces of '*supply*' from formal education and '*demand*' by employers. In reality, this is not the case.

Measuring supply and demand and accounting for *market failures*, though theoretically possible, is practically difficult and can be misleading especially in developing countries (Bennell and Segerstrom, 1998). Formal qualifications can be used as an indication of the *supply* side of VET; however, this ignores a large amount of VET that occurs informally, such as informal apprenticeships, which cannot be easily recognised and/or evaluated (Gill *et al.*, 2000). These are expected to be

¹⁰ Learning by reflection is gradually being integrated as an essential part of adult education, see for instance Knowles *et al.*, 2005; Laird, 2005.

widespread in developing economies; in Egypt the informal sector represents more than 50% of the economy (Assaad, 2007). This also makes it difficult to ascertain the actual *demand* for VET. The latter in these cases is likely to be limited to the needs of a few large private enterprises (Bennell and Segerstrom, 1998) as the private sector in such relatively immature markets as MENA tends to be relatively *new* and small in size. Some questions are raised at this point: who represents this *demand*? Who are these employers and to what extent are the different types and sizes of employers represented nationwide? What is the role of workers' organisations in formulating this demand? And more generally, to what degree do MENA countries have a supportive institutional framework for the decentralisation of VET? These are not fully answered by the market-driven approach.

This study suggests approaching the policy problem from a wider institutional perspective that considers historically entrenched institutional relationships and influences, offering a broader analytic framework for and a more encompassing theorisation of the problem than the one currently available.

2.7. CONCLUSION

The problem of VET ineffectiveness in developing countries, including Egypt, has always been influenced by the direction of international organisations' educational policies; most notably the World Bank. The problem of VET has been widely analysed as one of skill supply and demand mismatches. However, such an analysis largely disregards key institutional structures and actors, historically entrenched in individual contexts, which have contributed to VET ineffectiveness over time. The next chapter discusses institutional theory and develops an appropriate framework for it.

3. INSTITUTIONAL THEORETICAL PERSPECTIVES

3.1. INTRODUCTION

During the last three decades, institutional theory has increasingly been used to examine different models of capitalist economies during the last three decades. It has benefited from the contributions of various schools of thought and has been recently extended, though still on a limited scope, to study institutional inefficiencies in developing economies. All of these enriched institutional theory but also increased its fragmentation across different theoretical perspectives and frameworks. This chapter aims to justify the choice of: first, the institutional perspective; the regulatory approach which is discussed in Part (1). Second, the choice of Whitley's (1999) institutional framework, extended to African economies through the Segmented Business Systems approach (Wood and Frynas, 2006) to guide the institutional analysis of VET in Egypt. This is discussed in Part (3) and preceded in Part (2) with a discussion of the different institutional frameworks that could have been used.

PART (1): INSTITUTIONAL PERSPECTIVES

3.2. WHAT IS AN INSTITUTION?

There is no consensus on a single definition for *institution* but instead different approaches have been taken to its theorisation (e.g. Schotter, 1981; North, 1990; Crawford and Ostrom, 1995; Scott, 1995; Jackson and Deeg, 2006). This '*multi-faceted*' concept (Scott, 1995:33) includes '*cognitive, normative and regulative structures and activities that provide stability and meaning to social behavior*' (Scott, 1995:33). These are argued to be the '*three pillars*' (Scott, 1995:33) emphasised to varying degrees in institutional approaches, such as the institutions-as-norms and the regulative approaches upon which numerous popular institutional studies were based

(e.g. Meyer *et al.*, 1987; DiMaggio and Powell, 1993; Scott, 1995; Hollingsworth and Boyer, 1997; Whitley, 1999; Hall and Soskice, 2001; Amable, 2003) . Another approach is the *institutions-as-equilibria*, (Schotter, 1981; Crawford and Ostrom, 1995) which is different from, but not mutually exclusive with, the three pillars suggested by Scott (1995).

3.2.1. *Institutions-as-equilibria*

The institutions-as-equilibria approach analyses any social interaction in terms of the behaviour of parties directly involved. The equilibrium behaviour which is the essence of this approach holds that '*rational individuals, interacting with other rational individuals, continue to change their planned responses to the actions of others until no improvement can be obtained in their expected outcomes from independent action*' (Crawford and Ostrom, 1995:582). According to this approach, institutions are considered to be '*self-sustaining system(s) of shared beliefs about a salient way in which the game is repeatedly played*' (Aoki, 2001:10).

A major element of this approach is the shared set of expectations and preferences of the individuals involved in the social interaction as this is the main driver for reaching a state of equilibrium. However, the process through which the parties arrive at equilibrium, which may involve a set of more influential institutions and/or actors, is not explored through this approach (Crawford and Ostrom, 1995; Aoki, 2001). This is a major drawback that would lead to incomplete analysis of a certain situation by ignoring cross-party interactions and other external influences (Page and Bednar, 2006). Hence, this approach to institutional analysis is disregarded as our aim is to obtain a deep understanding of inter-institutional relationships and influences

3.2.2. Institutions-as-norms

In this approach, the foundations of institutions are argued to rest on the set of norms and values shared by individuals as these are likely to guide social actions and interactions. It is also based on some cognitive concepts which define institutions in connection with their external environment as perceived by social actors (Scott, 1995). D'Andrade argues that *'(i) n the cognitive paradigm, what a creature does is, in large part, a function of the creature's internal representation of its environment'* (1994:88). In other words, this approach bases institutional analysis on cultural symbols and meanings, including social norms and values. In that sense, institutions are defined as *'cultural rules giving collective meaning and value to particular entities and activities, integrating them into the larger schemes'* as suggested by Meyer and colleagues (1987:13).

One of the popular schools of thought rooted in this institutional approach is New Institutionalism (e.g. DiMaggio and Powell, 1983; Scott and Meyer, 1994). Advocates of this school argue for the influence of societal and cultural values and expectations on the ways in which organisations and institutions act and interact in the economy (Tempel and Walgenbach, 2007). These are reinforced over time through a process of isomorphism, a *"constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions"* (DiMaggio and Powell, 1983:149). This is particularly evident in social-constructivist neoinstitutionalism which is one of three type of neoinstitutionalism suggested by DiMaggio (1998). The other two types, viz. rational-action and mediated-conflict neoinstitutionalism, place more emphasis on economic and political norms, respectively, than on social ones (Nielsen, 2001).

Normative and cognitive structures offer useful insights into the nature of social interactions based on cultural norms and values as depicted in the work of New Institutionalists. Nevertheless, the institutions-as-norms approach cannot be undertaken in this study as it does not consider other factors and *regulative structures* that would influence the institutional analysis of VET in Egypt.

3.2.3. The Regulative Approach

The regulative approach considers institutions to be a set of rules that constrain and direct the behaviour and actions of individuals. Such *Mode(s) of Regulation*, as referred to by the French regulationist school enforce social relations and interactions in ways that sustain and develop the *regime of capital accumulation* (Boyer and Saillard, 2002; McLeod, 2004; Zuideau, 2007). This last phrase refers to a '*set of regularities that ensure the general and relatively coherent progress of capital accumulation, that is, which allow the resolution or postponement of the distortions and disequilibria to which the process continually gives rise*' (Boyer, 1986: 35)¹¹. This relationship is influenced by the wage-labour nexus, monetary regime, state, international regime (Boyer and Saillard, 2002; Zuideau, 2007).

Thus, the regulative approach considers institutions to be '*the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction*' (North, 1990:3). These rules can be either *formal* such as legislations or *informal* such as norms to govern how *players* act in the *game*. In that sense, there is a distinction between institutions and organisations. The former define the means of playing the game which are historically developed and are subject to change (North, 2005; Zweynert, 2009). The latter represent the actors or players who are responsible for attaining a certain goal by following the set rules (North, 1990). Thus, for

¹¹ The language used reveals their origins in Marxism (Nadel, 2002).

instance, the state is considered to be an institution whose actors/organisations include Ministries and city councils. The regulative approach relies on '*force, fear and expedience*' (Scott, 1995:36) to enhance the enforcement of rules which can be challenged by corruption or conflict of interest. Enforcement levels explain the discrepancies between the effectiveness of economic activities across different contexts that share the same rules of the game (North, 1990; Crawford and Ostrom, 1995).

3.2.4. Institutional Perspective to the study

Of the three approaches, the regulative approach offers the most suitable perspective on *institutions*. Unlike the institution-as-equilibria, the regulative approach recognises external influences or third party enforcement mechanism. It also offers a broad perspective on institutions that does not solely emphasise cultural aspects, but also considers formal rules and structures. This recognition of the influence of various formal and informal institutions on VET is expected to enrich our analysis.

Analysis of the policy problem of Egyptian VET could have been approached from a culturalist perspective but an institutional approach was selected for a number of reasons. First, cultural perspectives are best suited to inter-country comparisons. Within a single country to offer meaningful insights the analysis would need to be extended to sub-cultural comparisons, which does not meet our purposes. Second, the cultural perspective ignores political and economic factors whereas institutionalists acknowledge the role and influence of culture. For instance, Whitley does not ignore cultural factors as he takes the role of informal institutions into account. Nevertheless, unlike cultural theorists, such as Hofstede, Whitley focuses on dimensions relevant and important to our purposes such as trust and authority relations. Third, Whitley suggests a number of defining key institutional features which allow cultural dimensions to be applied to different contexts within and across regions unlike Hofstede who addresses the Arab world and other regions collectively.

The second part of this chapter starts with a discussion of the main contributions to institutional theory. Different contributions rest on the idea of the unavailability of a single *recipe* to economic success (e.g. Whitley, 1999; Aoki, 2001; Hall and Soskice, 2001; Amable, 2003) proved through the analysis of various institutional domains and structures.

PART (2): MAJOR APPROACHES TO INSTITUTIONAL ANALYSIS

3.3. EARLY CONTRIBUTIONS TO INSTITUTIONAL THEORY

Institutional theory was largely influenced by the *modernisation approach* best captured by Shonfield's work "*Modern Capitalism*" in 1965. This approach was primarily concerned with means of modernising economies in the post-war era to increase rates of economic growth through the identification of strategic actors with major influences on economic activities (Shonfield, 1965). This contributed to a general convergence towards a political-economic approach to the study of institutional roles (Jackson and Deeg, 2006) which has gained popularity in the last decade (e.g. Thelen, 2004; Amable, 2003).

During the 1970s, industrial relations were put at the centre of institutional analysis. This was part of the *neo-corporatist* approach that emerged to study the capacity of developed nations to respond to economic challenges at that time. Neo-corporatism was primarily concerned with the capacity of states to collectively negotiate with trade unions and employers on socio-economic policies argued to have an influence on problems of, mainly, inflation and unemployment (Jackson and Deeg, 2006; Hall and Soskice, 2001). Later, in the 1980s, the role of the monetary system in analysing capitalism was emphasised as a result of the contributions of Scharpf (1988). Hence,

by the end of the 1980s, these influences of these institutions were emphasised in most studies.

In the 1980s, the macro-focus of institutional studies, then prevalent was extended and interlinked with micro-level analysis through the contributions of the French regulation school and, most notably, the influential work of Robert Boyer in 1988. Boyer studied the institutional diversity of wage-labour relations in different firms. He focused on work organisation, workers' mobility, skill formation and stratification, wage formation (Boyer, 1988) and linked these to macro-level institutions within and across capitalist economies, focusing on a central relationship; state relations with employers and unions. Nevertheless, he ignored other institutions, including for example the societal effect approach.

The idea of the availability of a single ideal type of capitalism was challenged later in the work of Michael Porter and Michel Albert. They argued for the existence of distinct competitive advantages embedded in the historical development of national institutional capacities, such as production skills and technologies, in '*The Competitive Advantage of Nations*' (Porter, 1990). Albert introduced a distinction between Rhineland and Anglo-Saxon capitalism in '*Capitalism v. Capitalism*' in 1993. Albert's work built on the work of Alfred Chandler (1978, 1990) who questioned the differences between capitalist economies and suggested important similarities and differences between the United States and other nations in terms of the rise of corporations and their hierarchies. This body of research diverted emphasis to the conceptualisation of institutional circumstances leading to economic efficiencies in various capitalist economies.

3.4. FRAMEWORKS FOR INSTITUTIONAL ANALYSIS

Jackson and Deeg (2006) suggest different institutional frameworks to explain economic performance and diversity relying on different sets of institutional mechanisms. These authors, however, have been limited to a number of commonly used domains as in Table 3.1. Our discussion here is focused on a limited number of institutional frameworks (Table 3.2) that (1) have been extended and applied in developing countries; and/or (2) could be considered for application in Egypt. These are then matched against institutional frameworks based on the study of developing economies in section 3.6. Finally, the institutional framework of this study is selected (section 3.6.1) and discussed in Part 3.

Table 3.1: Examples of commonly used institutional domains

Institutional Domain	Representative Typology	Selected examples of performance effects
Financial systems	Bank-/stock market-based	Investment patterns; corporate governance
Corporate governance	Insider/outsider or shareholder/stakeholder	Firm strategy; income distribution; skills; investment; innovation
Inter-firm relations	Conflictarian/pluralist/corporatist	Internal vs. External labour market flexibility; wage levels; unemployment
Skill creation	State/associations/market/firms	Income distribution; work organization; innovation; industrial relations; firm strategy
Work organisation	Fordism/flexible specialisation/diversified quality production	Business strategy; industrial relations

Welfare states	Liberal/conservative/social democratic	Labour market participation; patterns of savings and investment; organisation of labour unions
Innovation	Radical/incremental	Work organisation; business strategy; employment

(Jackson and Deeg, 2006)

3.4.1. Societal Effect Approach

The French regulation school paved the way for one of the most recent and influential perspectives to the study of institutions and capitalist diversity; the *societal effect* or *society-centred* approach (Kang, 2006; Jackson and Deeg, 2006). This school of thought adds more institutions to the analysis of capitalist economies, including skill formation, innovation and industry structure, and considers a sociological approach that pays attention to the behaviour of firms and studies actors' actions and interactions.

A popular contribution to this school of thought is Hollingsworth and Boyer's (1997) Social Systems of Production (SSP) concept. Those authors argue that institutions integrate in a particular *social configuration* which supports a dominant system of production. Capitalist economies then tend to develop competitive advantages in industrial sectors that best suit the *dominant* Social SSP within the economy (Rousseau, 1985; Hollingsworth and Boyer, 1997). The study suggests two types of SSP; flexible production, such as that in Germany, and mass production systems, such as in the United States. Each system exhibits a set of institutional relationships. For example, flexible production systems tend to have well-trained and highly flexible

workforces with relatively high levels of job security. The system is supported by strong state-employer-union cooperation and a financial system based on long-termism. All of these have positive influences on VET and are relevant to our analysis (Lane, 2002; Hollingsworth and Boyer, 1997).

More recently, another important contribution was made by Bruno Amable (2003). Amable's study is significant in that it used quantitative evidence in its institutional analysis. Amable used data from 21 OECD countries to study five main institutional *elements* and their interactions; product markets, labour markets, financial systems, social protection and education system (2003). He uses a variety of sophisticated measures to assess each of these elements and discusses various institutional complementarities (Crouch *et al.*, 2005). Countries are grouped into five clusters: market-based capitalism (mainly Anglophone), social-democratic economies (Nordic), Asian capitalism (Japan and Korea), Mediterranean capitalism (south European countries) and Continental European capitalism (Western European countries). Amable's institutional theory avoids much of the criticism for Whitley's business systems approach (discussed below) for the lack of quantitative evidence (e.g. Crouch, 2005; Jackson and Deeg, 2006; Foss, 1999). While this is a strong argument, it is important to note that Whitley's framework has been tested by some studies (e.g. Brookes *et al.*, 2005). Being part of the Euro-Mediterranean region, Egypt could fall under the Mediterranean capitalism. However, the lack of reliable quantitative data would be a major challenge to the application of Amable's framework to the Egyptian institutional environment.

Table 3.2: Selected frameworks for institutional analysis

Representative Authors	Institutional Domains	Country Groups	Notes
------------------------	-----------------------	----------------	-------

Hall/Soskice	Financial system, industrial relations, skills, inter-firm coordination	Liberal vs. Coordinated (industry vs. Group-coordinated)	Rooted in transaction cost economics
Hollingsworth, and Boyer	No systematization	Every case unique	Based on six governance mechanisms for coordinating transactions: markets, hierarchies, states, associations, networks and communities.
Amable	Product market competition, the wage-labour nexus or labour market institutions, finance and corporate governance, social protection/welfare state, and the education/training system.	Five country clusters	Uses some inductive clustering of types, unlike the more a priori approach of Whitley
Whitley	States, financial systems, skills, trust/authority	Eight ideal-types: Fragmented, coordinated, industrial district, compartmentalised, state-organised, and highly coordinated	Compares dimensions of coordination related to horizontal vs. Vertical organisation, control through ownership vs. Non-ownership,

3.4.2. Firm-Centred Approach

The popular work of Hall and Soskice (2001) introduced a *firm-centred* approach to institutional analysis and study of capitalism. The VoC framework introduced by Hall and Soskice (2001) aims to “*bring firms back to the centre of the analysis of comparative capitalism*” (2001: 4). It analyses capitalisms by exploring the behaviour of firms in different institutional contexts. It focuses on five main *spheres*: (1) Industrial relations, (2) Vocational training and education, (3) Corporate governance, (4) Inter-firm relationships and (5) Employee relationships.

These interactions enable economies to develop certain *comparative institutional advantages*, since “the institutional structure of the political economy provides firms with advantages for engaging in specific kinds of activities” (Hall and Soskice, 2001:32). For instance, high-value added production systems, as in Germany, have been developed and reproduced as a result of certain institutional structurings and interactions, such as high levels of state-employer-union collaboration, a strong public training system, strong unions and system of centralised collective bargaining. Other contexts have not had these institutional combinations and interactions and thus been successful, such as in the case of the low-value added production systems common in the United Kingdom (UK). The VoC approach argues for the importance of such institutional interactions or *institutional complementarities* in shaping, sustaining and reproducing specific institutional arrangements within capitalist economies. This process is very closely related to the concept of path dependence (discussed later).

Hall and Soskice (2001) categorise economies as either Liberal Market Economies (LMEs), such as UK and US, or Coordinated Market Economies (CMEs), such as Germany and Japan, based on firms' interactions with different institutions. Such a dualist approach provides a relatively simple conceptualisation, argued to be beneficial for capturing complicated institutional features and complementarities (Hall and Soskice, 2003). However, the VoC dualistic approach has been increasingly criticised for its simplicity which prevents it from capturing important differences between countries within the same category (Amable, 2003; Crouch, 2005; Höpner, 2005; Jackson and Deeg, 2006; Goergen *et al.*, 2009). For instance, Germany and Japan are grouped under the same category, CMEs, yet they have different comparative institutional advantages which have developed as a result of distinct institutional configurations in each context. The VoC framework offers limited explanations for such differences. Nevertheless, it is one of the few frameworks extended to developing countries and its applicability to the Egyptian case is discussed later.

3.4.3. Business Systems Approach

The Business Systems approach is another major contribution to the study of institutions from a socio-economic perspective. In his early work, Richard Whitley suggested six types of business systems (1992a, 1992b, 1999) based on research in Europe and East Asia. He extended these to eight business systems in his latest work (2007) and a further type, one which analyses economic failure instead of success, is suggested by Geoffrey Wood and George Frynas (2006): the segmented business system, based on four African economies. The different types of business systems are based on a number of firm characteristics (categorised under ownership integration, non-ownership integration and employer-employee interdependence) and are influenced by certain combinations of key institutions.

The current study uses Whitley's institutional framework for VET institutional analysis. The rationale of this choice is discussed in Part (3) following the discussion of institutional frameworks in developing countries. Before this, it is important to highlight two key concepts relevant to our use of institutional analysis.

3.5. KEY CONCEPTS IN INSTITUTIONAL ANALYSIS

Two of the key concepts to institutional analysis are (i) institutional complementarities; and (ii) path dependence (e.g. Lane, 1995; Thelen, 2004; Crouch *et al.*, 2005; Streeck and Thelen, 2005; Jackson and Deeg, 2008). These are discussed here as (i) they provide more insight into the ways in which institutions influence one another; and (ii) to illustrate that although historical influences are recognised, the analysis does not follow a *path dependent approach* (e.g. Mahoney, 2000; Pierson, 2000; Thelen, 2004; Morgan *et al.*, 2005; Deeg and Jackson, 2006).

3.5.1. Institutional Complementarities

The basic idea of institutional complementarities is that two institutions are likely to enhance each other's effectiveness by interacting in a particular context. There have been attempts in the literature to define in detail this phenomenon which attracted more attention than the idea of institutional isomorphism (see section 3.2.2) adopted by New Institutionalists (DiMaggio and Powell, 1983).

There are three main definitions for institutional complementarities (Crouch *et al.*, 2005). First, it is "where components of a whole mutually compensate for each other's deficiencies in constituting the whole". Second, it is defined as

“complementarily in the economist’s sense of two goods, a fall in the price of one of which will lead to a rise in the demand for the other”. Third, it is simply “complementarily as similarity” (Crouch *et al.*, 2005:360). The choice of any one definition depends on the purpose for which and the context in which it is used. For instance, the first definition (which Colin Crouch (2005) argues is the most commonly used one in the literature) explains the importance of strong public training in Germany, which offsets the drawbacks of low labour mobility. In that sense, this definition involves describing the characteristics of at least two institutions in an attempt to realize the deficiencies of each and the means by which it is complemented by other institutions.

The second definition is not as straightforward as it might seem. It does not necessarily involve direct and logical relationships between the items, in this case institutions, involved. Thus, the task of identifying the missing characteristics that need to be complemented through the incorporation of another institution is not expected to be as predictable as in the first definition. However, it offers a more flexible approach to institutional complementarities as it leaves room for “human creativity in forging these complementarities” (Crouch *et al.*, 2005: 361). Thus, the second definition would be useful in reasoning some indirect relationships between institutions that might have been formed to meet some kind of interest, for instance as with social welfare institutions.

The last definition does not strictly adhere to the concept of complementing and/or balancing capacities to enhance efficiency as similarity contradicts the idea of complementarities. Nevertheless, the point from this definition is to show that when two institutions of similar capacities are grouped together they tend to reinforce one another (Crouch *et al.*, 2005). For instance, education, training and industrial

relations have certain similarities and thus are grouped under one institution in Whitley's framework (1999) and in this way they complement one another into the formation of a key institution.

3.5.2. The theory of path dependency

The national business systems approach assumes that ideal types of business systems are reproduced over time through a process of path dependency. In its simplest form, path dependency refers to the idea that '*what has happened at an earlier point in time will affect the possible outcomes of a sequence of events occurring at a later point in time*' (Sewell, 1996:262). This *soft version* of path dependency assumes that models of business systems are simply replicated over time. It takes for granted that past events shape future ones (Mahoney, 2000) which has been challenged by economists and political scientists. These critics define path dependency in terms of a process of increasing returns (Mahoney, 2000; Pierson, 2000). In this case, a particular path which will be reproduced until one of two things occur; either it reaches a lock-in or a process of decreasing returns occurs and in both cases a new path with increasing returns will be sought. This approach distinguishes between the origins of the path, its reinforcement mechanisms and eventually its termination.

Different mechanisms, such as policy feedback or power, have been suggested by political scientists to have similar reinforcement and retrenchment effects on particular paths (Mahoney, 2000). For instance, the power obtained by the United States after the Second World War enabled it to exert some policy influence on post-war German cartels and more generally its organised capitalism. These influences have shaped the type of business systems prevalent in Germany today as explained above (Djelic and Quack, 2005). However, it is important to note that these

influences or political power tend to be significant at particular points in time rather than eternal (Djelic and Quack, 2007; Djelic, 1998).

The business systems approach offers a different perspective to the concept of path dependency. Through focusing on institutional frameworks and their influence on economic organisation, development and interactions (through processes of institutional complementarities) the theory attempts to explain the reinforcement mechanisms on a certain path rather than explain the underlying reasons for the emergence of this path in the first place. This approach has traditionally provided explanations for taking one path rather than another but has only recently been used to account for the factors that have originally lead to the establishment of this path (e.g. Morgan *et al.*, 2005; Lane, 2005; Crouch, 2005). Kathleen Thelen's (2004) contribution to the contextualised study of a number of developed capitalisms offers interesting insights into this issue. Thelen accords importance to understanding the role of social actors in choosing a particular path and their levels of power at different points in time throughout the history of individual capitalisms. As she approaches the issue from a socio-political perspective, she shares the concept of political power and influence with other political scientists (as indicated above). Differences in the power levels of social actors create tensions that might eventually lead to ruptures, such as in the case of revolution, where less powerful actors would re-emerge to challenge more powerful ones and such disputes could lead to institutional changes and divergence in the path. Djelic and Quack (2005) have also referred to the influence of both endogenous and exogenous factors on the German product market and banking sector after the Second World War which resulted in a *crooked path* (Djelic and Quack, 2005).

In that sense, the conceptualisation of path dependence as a series of self-reinforcing mechanisms is challenged (Mahoney, 2000; Pierson, 2000). The idea of path dependence assists in describing institutional development in a retrospective manner; however, it falls short of identifying possible conditions that might lead to the redirection of a certain path (Deeg, 2005) and this is what Djelic and Quack (2005; 2007) try to deal with their concept of *path generation*. An example of such path generation is the experience of post-socialist countries. The transformation of these economies was far from being path dependent; the path was shaped by a variety of socio-political struggles and influences. The transformation process was doomed to make *rational-action* institutional changes (DiMaggio, 1998; Nielsen, 2001) along neoliberal prescriptions. Nevertheless, as argued by critical institutionalists, social influences and informal institutions are as important as economic considerations in shaping the paths of economies (Jessop, 2001; Krier, 2009; Weiner, 2011). These influence power relations and the differentiated interests of social actors. The old guard try to maintain their power through transforming their social capital to economic capital and trade unions who attempt to achieve effective involvement in socio-economic matters to secure more benefits and rights (Hardy, 2004; 2006). These and similar struggles could promote and/or impede economic development and result in a new path. The latter would neither be entirely dependent on historical developments nor predicted by neoliberal experts (Nielsen et al., 1995; Hardy, 2004). Path shaping is also influenced by important exogenous factors, most notably international aid (Hardy, 2004). The latter factor is not effectively discussed in institutional accounts as these are mainly based on developed economies. Nevertheless, the influence of international aid on path shaping and institutional change is significant in developing countries as shown in this study.¹²

¹² The inclusion of international organisations as one of the key institutional influences on state relations with social actors is one of the contributions of this research.

This study does not follow a ‘path dependent approach’. A historical dimension is offered in the analysis to give a nuanced account of the origins of institutions rather than explaining the situation in terms of path dependency. We recognise the influence of the past on the present but in ways that are refracted through contingency, especially political contingency on an international level.

3.6. INSTITUTIONAL THEORY IN DEVELOPING ECONOMIES

Unlike the numerous contributions to the studies of the varieties of economic successes in developed countries there have been very limited attempts proposed in cases of economic failures; in developing countries. Some authors interpret the relative effectiveness of institutions in the economy in terms of its historical origins, such as the work of Peter Boettke, Christopher Coyne and Peter Leeson (2008). They suggest the idea of institutional “stickiness” which argues that “the ability or inability of new institutional arrangements to take hold where they are transplanted – is central to understanding how history matters for institutions” (2008:332) which is expected to be applicable to the case of Egyptian VET.

Based on this idea they propose three types of institutions; first, *Indigenously Introduced Endogenous* (IEN) Institutions and these include informal rules, norms and values that are specific to a certain context and are deeply rooted in the social fabric or as the authors call it *Métis*; “local knowledge resulting from practical experience” (2008:338). Second are *Indigenously Introduced Exogenous* (IEX) Institutions which are formally created by local authorities which pulls them away from the informal rules at the local level or *Métis*. At the same time, these are not completely free from *Métis* as these are created indigenously by officials who are aware of the *Métis* and the widely accepted informal rules within the society. So the

authors argue that the relative influence and institutional stickiness of IEX depend on the extent to which these correspond to IEN and *Métis* at the local level. Third, *Foreign–Introduced Exogenous* (FEX) Institutions. As implied by their name, these are institutions that are created by foreign bodies and are mostly not based on local informal rules and *Métis*. On the contrary, these tend to be transplanted from successful developed contexts to less developed countries. The authors argue that these tend to be the kind of institutions with the least stickiness and are thus not expected to be sustainably effective (Boettke, Coyne and Leeson, 2008).

The categorisation of institutions into any of these three types dictates their relative effectiveness in developing contexts, according to this perspective (Boettke, Coyne and Leeson, 2008). However, this approach does not provide insights into the means by which actors deal and/or cope with these institutional deficiencies in developing contexts. This has been provided by other researchers, such as Maris G. Martinsons (1997; 2002; 2005; 2008) in his writings on institutional deficiencies.

Martinsons emphasises the role of indigenous institutions that support informal networks and personalisation of economic dealings over other formal institutions, such as the concept of institutional deficiencies in China and Russia (Martinsons, 2002; 2008). He argues that in contexts with institutional deficiencies, where the enforcement of formal rule-based working methods are largely lacking or non-existent, institutional actors tend to rely on informal inter-personal relationships which are highly valuable and effective in these contexts. He bases his argument on the case of electronic commerce businesses in China. The institutional configuration of the Chinese economy has not been found to be supportive of this type of business. Nevertheless, Chinese businesses were able to cope with these institutional deficiencies by finding substitutes in the informal relations; known as *guanxi* of trust

and personal connections (Xin and Pearce, 1996; Martinsons, 2008). These informal rules of the game were capable of supporting the industry which has flourished especially in business-to-business dealings. Martinsons' idea of institutional deficiencies and how they may be compensated for by informal relations is an indication of the possibility of realising relative success in contexts that lag behind the efficient institutional configurations of their developed counterparts.

Although Martinsons offers a new dimension to the study of institutions in developing contexts, he does not offer a comprehensive framework for various institutional arrangements and complementarities within these economies. Others offer such a framework by extending current institutional theories to transitional and developing countries. For instance, Andreas Nölke and Arjan Vliegenthart (2009) attempted to extend the Varieties of Capitalism (VoC) approach to East Central European economies. They suggest a third variant: Dependent Market Economy (DME), to the dualistic model of Coordinated Market Economies (CMEs) and Liberal Market Economies (LMEs) as suggested by Peter Hall and David Soskice (2001). Nölke and Vliegen (2009) argue that the uneven economic configuration of these countries which have undergone transition after the dissolution of the Soviet Union does not fall precisely into the CMEs or the LMEs. Instead, these economies form their own variety of capitalism; some sectors have succeeded more than others, mainly due to its reliance on investments from Trans-National Companies (TNCs) and hence the model labelling; "Dependent Market Economy". The authors illustrate their argument by demonstrating some of the institutional complementarities in these economies, such as the relatively low cost of skilled labour that has created a comparative advantage in the technical assembly of industrial products (Nölke and Vliegen, 2009).

VoC theory has been also extended to Latin America by Ben Ross Schneider (2008; 2009). Schneider suggests a new typology for Latin American economies: Hierarchical Market Economies (HMEs). The main idea of the HMEs is based on the *hierarchical* relations that exist in these economies and that characterise all kinds of dealings; (i) formal dealings along the hierarchy in terms of rules and orders; and (ii) more importantly informal networks and/or relations, for example owners-managers relations, managers-employee relations, inter-firm relations within the same sector. Schneider suggests that HMEs have four core features: *multinational corporations (MNCs)*; *low-skilled labour*; *diversified business groups*; and *atomistic labour relations* (2009: 2). The interaction and complementarities of the key features are argued to influence the availability and efficiency of key resources; capital, labour and technology, in ways that shape HMEs. Although the HME model is suggested to typify Latin American economies, Schneider acknowledges the existence of discrepancies between some countries in the region (2008; 2009).

Another institutional framework extended to developing economies is Richard Whitley's; the *business systems approach* (1992; 1999). Geoffrey Wood and George Frynas (2006) suggest the *segmented business system* as a new archetype of Whitley's theory, analysing the institutional configuration of economies that hinder rather than support economic growth, using the case of East Africa. They argue for the availability of important potential economic successes in theorising the categorisation of these developing economies. These are found to be uneven and fragmented instances or cases of economic success in a limited number of sectors in the midst of the general atmosphere of economic failure. These sectors are privileged with particular institutional arrangements that are not available to all sectors within the economy, such as exposure to export sectors or international partners. Additionally, the economic returns of these cases are limited to a few elite segments of the population.

3.6.1. The Institutional Framework of this study

The above are amongst the main attempts to typify developing economies. The main issue at this point is to choose a framework that best fits our purpose. Let us consider two options: (1) to attempt to extend other institutional theories that have not been applied to developing countries: particularly Hollingsworth and Boyer SSP or Amable's framework (as extensions of these models were not found at the time this research was undertaken); (2) to build on prior attempts to typify economies of developing countries.

The first option is hindered by a central drawback in developing countries; the lack of valid and reliable data. Hollingsworth and Boyer's (1997) *Social Systems of Production (SSP)* approach requires sufficient relevant and reliable data on the dominant SSP within the economy, such as national and international competitiveness, size and expansion, share of GDP and so forth. This is in addition to reliable data on macro- and micro-institutions within the economy. Such information is usually not available in developing economies and when it is available it is difficult to access and/or difficult to assess its reliability. This greatly constrains the scope of analysis. The lack of data also constrains the use of the more sophisticated quantitative analysis offered in Bruno Amable's (2003) work, especially since this analysis will be based on a single country rather than a cluster analysis. For these reasons, we will not extend either of these theories to the study of the institutional environment of VET in Egypt.

The second option involves a review of the institutional ideas and/or frameworks that have been applied to developing countries, discussed above. The institutional stickiness and institutional deficiencies approaches emphasise important features of

institutional arrangements in developing economies. Nevertheless, neither offers an institutional *framework* that can be applied to other contexts. Such frameworks are offered by other contributors to the VoC and the business systems approaches.

A main feature of the VoC approach is its focus on the firm (Hall and Soskice, 2001). This does not fit the overall intention of this research to construct a national rather than an enterprise level analysis of the institutional environment and its influences on VET. Another limitation of firm-focused analysis is the limited account given of the political dimension in explaining the institutional complementarities. This deprives these institutional models of political depth; a limitation acknowledged by Andreas Nölke and Arjan Vliegenthart (2009: 694).

By contrast, the political dimension is extensively discussed by Wood and Frynas (2006) in their analysis of the state as one of the key institutions suggested by Whitley (1999). This dimension is particularly important in the study of developing economies where the state is expected to play a leading role and to largely influence key *socio-economic* factors. The financial system, system of skill development and control and trust and authority relations are also discussed, and the institutional complementarities taking place in the economy are reflected based on the institutional interactions of key institutions. The division of these institutional domains in the way developed by Whitley (1999) enhances the clarity of the analytical framework. This offers a more specific and comprehensive institutional analysis than other typologies for developing economies. Equally important is the perspective from which Whitley (and in turn Wood and Frynas) approaches institutional analysis which suits the overall philosophical underpinning of the study (see chapter 5 on Methodology and Methods) as it takes into consideration the influence of social actors in constructing reality or. Finally, the segmented business approach is based on the study of East

African economies which are expected to have more resemblance to the Egyptian economy than economies of Latin America and/or transition economies. For these purposes, Whitley's framework as applied in and extended to developing contexts by Wood and Frynas (2006) is critically deployed here.

PART (3): INSTITUTIONAL FRAMEWORK OF THE STUDY

3.7. INSTITUTIONAL FEATURES OF THE SBS APPROACH

Richard Whitley defined *Business Systems* as "particular combinations of firms and markets which have become established in particular institutional contexts and so develop at the level of collective organisation which contains key institutions" (1992a: 269). Whitley's model was initially based on East Asian capitalisms and then extended to European business systems. It is interesting to note that more reference has been made to cultural norms and values in analysing and characterising East Asian capitalism in European business systems (1992a; 1992b; Lane, 2002). Later, Whitley refined the definition of business systems to refer to "distinctive patterns of economic organisation that vary in their degree and mode of authoritative coordination of economic activities, and in the organisation of, and interconnections between, owners, managers, experts, and other employees" (Whitley, 1999:33).

Whitley's theory was extended to developing economies by Geoffrey Wood and George Frynas (2006). They offered a typology for the institutional configurations that hinder rather than promote economic growth and development. Their characterisation, which is discussed below, largely corresponds to the Egyptian case.

3.7.1. Characteristics of Business Systems

Business Systems are suggested to have different characteristics that vary according to ownership coordination, non-ownership coordination and employment relations. Interactions between these three broad categories are likely to result in distinctive types of business systems and thus distinctive patterns of economic organisation and control. It would be incorrect, however to assume the entire economy is only limited to a particular type of business system. Different means of organisation are likely to

be available in a single economy: for instance, not all American businesses are in the form of professionally managed large conglomerates (Redding, 2005). However, the suggested framework presents the *prevalent* or *dominant* form of economic and organisational coordination (Whitley, 1999; Redding, 2005). There could be different criteria for determining the dominant form of economic organisation: share of GDP, share in national value-added production or power relations. Whitley decides on the dominant form of economic organisation or business system according to business's share of value added production. For instance, in South Korea there are a limited number of *Chaebols*; however, this is the dominant type of business on which the whole analytical framework is based, as it controls the largest share of value-added production in the economy (Whitley, 1992a, 1999).

In other contexts, the process of determining the dominant form of economic organisation is not as straightforward. For instance, in the case of East Africa (Wood and Frynas, 2006) the form of economic organisation that dominates the economy depends on *power relations* with *state elites* and not necessarily the share of value-added production or share of GDP. The Egyptian case is not expected to be much different from its African counterparts in that sense, as discussed later.

Business systems cannot be developed independently of the external environment within which they operate. In other words, they tend to be a *by product* of the interaction between *business system characteristics* and dominant *social institutions* in economies (Whitley, 1999). Whitley (1992b) argues that institutions could be broadly classified into background and proximate social institutions. The latter are institutions which are likely have a more immediate influence on the economy, such as the state and financial system, than the former (Redding, 2005). Background social institutions are *informal* institutions, such as values and norms, in which

change and its influence on the economy is likely to occur over a prolonged period of time. In the case of developing countries, informal influences tend to largely guide the means by which formal rules of the game are practised (Wood and Frynas, 2006; Yousfi and Humphrey, 2008; Martinsons, 2002; 2005; 2008). Such practices might not necessarily be beneficial to an economy as a whole as much as they are to a small group of privileged state and business elites (Wood and Frynas, 2006).

Across the proximate and background social institutions, a number of *key* social institutions have been specified: the state, the financial system, skill development, control system and finally trust and authority relations (Whitley, 1999). These *key* institutions are argued to control critical resources within economies and to have a direct influence on the generation and development of business systems in economies. The discussion focuses on these key institutions as defined by Whitley and as typified in the Segmented Business Systems archetype of the theory with reflections on Egypt. It is important to note that the aim of this discussion is not to generate a typology for the Egyptian economy or its business system. Instead, I simply critically deploy features of key institutions to the study of the institutional influences on VET in Egypt by referring to the institutional framework suggested by Whitley (1992; 1999) and extended to East African economies by Wood and Frynas (2006).

3.7.2. Features of Key Institutions

3.7.2.1. The State

The literature is rich with defining features of the state, a term that has had its orientation and boundaries extensively debated. The debate becomes even more complicated when discussing Third World countries (e.g. Abraham, 1977; 1988; Johnson; 1982; Mitchell, 1991; Albert, 1993; Evans, 1995 and others). Richard

Table 3.3 Key institutional features structuring business systems

<i>The state</i>
<ul style="list-style-type: none">• Dominance of the state and its willingness to share risks with private owners• State antagonism to collective intermediaries• Extent of formal regulation of markets
<i>Financial system</i>
<ul style="list-style-type: none">• Capital market or credit based
<i>Skill development and control system</i>
<ul style="list-style-type: none">• Strength of public training system and of state-employer-union collaboration• Strength of independent trade unions• Strength of labour organisations based on certified expertise• Centralisation of bargaining
<i>Trust and authority relations</i>
<ul style="list-style-type: none">• Reliability of formal institutions governing trust relations• Predominance of paternalist authority relations• Importance of communal norms governing authority relations

(Whitley, 1999: 48)

Whitley's discussion of the state as part of his institutional framework largely corresponds to the *Weberian* definition of the state as "a set of organisations invested with the authority to make the binding decisions for people and organisations juridical located in a particular territory and to implement these decisions using, if necessary, force" (Evans and Rueschemeyer, 1985:46/7). Whitley suggests and discusses three features of the state: the degree of (i) dominance of the state and its willingness to share risks with private owners; (ii) state antagonism to collective intermediaries; and

(iii) formal regulation of markets (Table 3.3). He argues this to be significant in influencing the means of economic organisation and in determining the levels of cohesiveness and complementarity of national institutional systems (Whitley, 1999; 2003). Wood and Frynas (2006) also discuss the state in East Africa, though the state in that sense no longer corresponds to the *Weberian* state. This is largely due to its patrimonial characters that has reduced its efficiency (Mkandawire, 2001), in terms of these three features which are then exemplified in other regions.

States exhibit different levels of interference in coordinating and organising economic development activities. Different theoretical distinctions have been suggested for developed economies in that respect. For instance Michel Albert, (1993) distinguishes between Anglo-Saxon and Rhenish states. Later, Hall and Soskice (2001) argued for a different role of the state in Liberal and Coordinated Market Economies, such as the UK and Germany respectively. The popular work of Chalmers Johnson (1982) is another example which, by challenging the neo-classical approach dominant at that time, has suggested a distinction between the developmental and regulatory states. Developmental states assume a wider scope of responsibility for guiding of economic development than their regulatory counterparts (Johnson, 1982). In these examples, the state has been successful to varying degrees in realising economic growth and development despite the different levels of state intervention in economic affairs.

By contrast, in the developing world, the state is characterised by high levels of interventionism but this has seldom led to effective levels of sustainable economic development. This is mainly due to the relatively weak structure of the state as an institution. Such states are not likely to operate in a clearly structured manner, sticking to *formal rules of the game* as in the developed world (Wood and Frynas, 2006). Instead, the state continues to be dominated by small factions of state and business elites as well as informal rules that emphasise personal networks and interest over formal ones. In that sense, the state's willingness to share risks shrinks to a

limited number of private sector businesses that are in related in some way to state elites. In other words, inter-personal connections and the relative gains by state elites, rather than the long-term wellbeing of the economy as a whole, are the major determinants for the state's decision to share risks. After all, the state is cautious not to excessively empower the private sector and/or other interest groups, including employers' associations and unions as discussed later, in a way that would threaten its hegemony over the economy. This tendency is part of the authoritarian character of these states which is more generally not in favour of intermediary associations despite their positive influences on economic matters. For instance, intermediary associations have positively contributed to the relative level of sophistication of VET at different trajectories of industrialisation in Germany as an example (Ashton and Green, 1996; Clarke and Winch, 2006; 2007; Martin and Swank, 2008; Thelen, 2004; 2008; Trampusch, 2010) but such advantages are largely lacking in developing economies.

In such a corrupt environment, investments and markets tend to be driven to suit the interests of state elites. However, these states find it difficult to attract investments in the first place, mainly due to the *fragmented* nature of the state and the *incoherent* state-business relations and above all *decentralised* corruption. The latter is different in the case of South East Asian developmental states, for instance, where corruption tends to be more *centralised* and therefore easier for businesses to find ways of coping with (Wood and Frynas, 2006). This is not the case in, say, East Africa, where businesses find it difficult to predict and/or *internalise* the costs of corruption. This reduces the attractiveness of investing in these economies (Wood and Frynas, 2006).

The relatively high levels of state intervention in the economy and the general levels of investment and economic growth did not change much under programmes of structural adjustment led by international financial institutions: the World Bank and IMF, which aim at enhancing the economic conditions in these developing contexts.

Instead, many of these economies have become increasingly indebted after the initiation of such programmes with little effective progress on the economic front despite the numerous projects for economic development. This has been the case for the policy problem of VET development in Egypt, which despite the increasing international funding and assistance it receives, has achieved little progress. This example applies to different sectors and factions of developing economies where only specific sectors that prove beneficial to state elites receive effective attention and development levels (Wood and Frynas, 2006).

Relatively high levels of state intervention in economic affairs in developing regions seemed to be necessary in the post-independence period (Yousef, 2004). Nevertheless, a few decades later, these states: (i) failed to achieve positive economic results, or at least sustainable ones; (ii) failed to reduce their economic interventions over time which hindered more than developed the economy (Wood and Frynas, 2006; Yousef, 2004). For instance, the Middle East and North Africa (MENA) region has assumed an interventionist-redistributive character since the 1950s. The state played an increasingly interventionist role in the economy which had undergone massive restructuring and waves of redistribution of wealth and power. These have resulted in increases in real GDP but were largely driven by the waves of nationalisation of foreign and private assets, such as in Egypt, and the oil boom for oil rich countries, such as Saudi Arabia and Kuwait, without an actual increase in productive capacities (Véganzonès –Varoudakis and Pissarides, 2007). Hence, such economic boosts were not sustainable beyond the 1970s. A series of shocks in the region, most notably the oil crisis in the 1970s and a series of wars and conflicts, led to a number of economic failures that went beyond the control of the states in the region (Hakimian, 2001; Kassem, 2004; Yousef, 2004). Since the 1980s, the influence of international financial institutions increased in the region, as in other developing regions in Africa and Latin America as part of programmes of structural adjustment. In time, state control started to be dominated by a niche part of society

resulting in limited progress along the lines of democratisation (Yousef, 2004; Wood and Frynas, 2006).

The aforesaid factors hinder the effectiveness of formal rules and changes the institutional configurations of these economies away from economic growth and development (Hutchcroft, 1997; Robinson, 1998; Wood and Frynas, 2006). Other key institutions are equally negatively influenced as a result, as for instance, in the case of East Africa the incoherence of the state extends to influence the financial system, the skill levels of the labour force; which are generally low and the economic competitiveness of the economy (Wood and Frynas, 2006) as illustrated in the following discussion.

The Egyptian case is not expected to different trajectory. However, a cross-sectional analysis of the Egyptian state is not expected to offer insights into the origins of its features. Instead, discussion of the state and more precisely some of the relevant institutional complementarities that fit the purpose of this study should be approached from a historical perspective to gain a deep understanding of the roots of the situation as embedded in the historical development of these relationships and/or complementarities.

3.7.2.2. The Financial System

Whitley (1992; 1999) classifies financial systems as either Capital- or Credit-based markets, according to the availability, liquidity and price of capital. However, he acknowledges the fact that some markets would not precisely fit into one of these categories, making divergence between these two *extremes* a possible variation. This is essentially the case with developing economies which have different arrangements as suggested by Wood and Frynas (2006).

Capital-based markets are highly liquid markets in which the prices of financial commodities are largely determined by capital markets. Ownership of assets and capital is freely traded, enhancing the flexibility and contributing to the liquidity of the financial system in these economies. However, the latter tends to reduce investors' interests in the growth of any particular entity or organisation. Moreover, short-term transactions and profits are a significant characteristic of such a system, which has its implications for skill development and control as well as on other social institutions. On the contrary, *Credit-based financial systems* operate in a completely different manner that restricts the flexibility for trading and pricing financial commodities. These processes are likely to be decided upon by major financial institutions: Banks. Banks put more restrictions in relation to the capital-based markets, on the free trade of shares and ownership. Thus, in response to the relative illiquidity and inflexibility of the system, owners, banks and trust managers are likely to be more involved in detailed evaluation of investment options and in the decision-making process to ensure the profitability and potential development of the organisation. This type of financial system emphasises long-term dealings and transactions. This has a positive influence on long-term investments such as the training and development of the workforce, as it is the case in Germany (e.g. Lane, 1995; Crouch and Streeck, 1997; Thelen, 2004; Gospel and Pendleton, 2005).

In developing economies, the financial system is likely to be largely dependent on external markets and foreign bodies; most notably from international financial institutions. These countries do not have the capacities or the liquidity to effectively run capital-based markets and at the same time they are faced with external pressures from the IMF and World Bank to deregulate their financial systems. Thus, these economies do not fall into any of the categories suggested by Whitley (1999) and continue to struggle with ineffective state financial strategies, increased foreign influences as part of structural adjustment programmes, and a relatively weak

commitment from foreign investors who are ready to shift their investments and capital to other contexts if proved to be more beneficial (Wood and Frynas, 2006). This leaves these financial systems relatively unstable, risky and volatile.

The Egyptian financial system is better than its African counterparts in this respect, having undergone relatively high levels of reform with the beginning of the new millennium after a long period of stagnation in the 1990s (Alissa, 2007; Kolb, 2010). An important change in the financial market in Egypt was the floatation of the Egyptian pound in January 2003 (Moursi *et al.*, 2007). The Egyptian pound had been fixed to the US dollar at adjustable rates since the 1960s. The floatation has opened the long-controlled foreign exchange rates argued to enhance capital mobility and flexibility (Kamar and Bakardzhieva, 2005). The banking sector has undergone some structural reforms as well which reduced the role of the state and increased the role the share of foreign banks in the economy. This trend is still in operation but has been greatly slowed by the current global financial crisis (ENCC, 2010). These changes would enhance the stability and strength of the financial system which has already proved to be relatively stable so far in facing the current financial crisis (ENCC, 2010). The structure of the system started to support long-term dealings and transactions more than it has in past decades (Alissa, 2007) which would increase the chances for making long-term investments, such as investments in VET. Nevertheless, employers' willingness to make such investments is very low as explained later.

3.7.2.3. Skill development and Control

Under this broad category of fall two sets of interrelated institutions; the *Education and Training system* which is responsible for the development and certification of

skills and competences, and the *Control system* that influences the organisation and coordination of labour markets in different economies.

There are major variations in the system of Education and Training across nations which have been broadly categorised as either unitary or dual systems of education and training. In unitary systems of Education and Training, such as in Japan and France, the criteria of student success are mainly, if not solely, based on academic performance in formal examinations. There is minimal, if any, emphasis on practical training, which tends to be associated with low social prestige as it is perceived to be limited to *failures*.

On the other hand, the dual system of Education and Training, the most popular and successful example of which is Germany, recognises and combines both theory and practice. In other words, it is both industry- and college-based and delivers standardised courses jointly organised between schools, employers and trade unions (Ashton and Green, 1996; Lane, 2002). The system tends to be co-financed by the state and employers and its courses are expected to meet specific industrial standards in which competence and skill level are the main criteria of success. Though different from grammar schools (general education), VET is thus likely to have high prestige under the dual system as its outcomes tend to be highly appreciated by the state, employers and labour organisations in these economies; the system itself builds social acceptance. This relatively high level of state-employer-union collaboration is institutionally embedded in the historical development of German capitalism and is supported by nested institutional complementarities (see Chapter 5) (Ashton and Green, 1996; Crouch and Streeck, 1997; Lane, 2002; Thelen, 2004). The Egyptian system of education and training does not fall into this category. Nevertheless, there have been attempts to apply the dual system of education and training as practiced in Germany to the Egyptian context through Mubarak-Kohl Initiative (see Chapter 5 for details).

The dual system of Education and Training might have an advantage over the unitary system in the production of high-level skills relevant to the requirements of employers selling in certain markets. These markets tend to value quality of production, hence the whole system becomes part of a high-road strategy (Lane, 1995) characterized by high skills, high wages and high quality markets, such as the case in Germany. On the other hand, other contexts such as the US and UK tend to have *low road* national strategies. On the organisational level, the skills required on the job tend to be very specific and narrow in scope. The levels of employer-employee dependence are low; labour are not delegated many responsibilities and generally low levels of trust and poor communication between labour and management are prevalent. Also, employment is poorly secured for workers and investment in skills is consequently low as well (Lane, 1995; Hollingsworth and Boyer, 1997).

In developing countries, the system of skill development and control is argued to have been influenced by the colonial bequest. Wood and Frynas (2006) argue that in East Africa less emphasis was normally put on VET as compared to general education as the economy promoted administrative rather than technical jobs; the latter were largely handled by foreigners who settled in these economies. This trend continued even after these states gained independence as general education tends to be less expensive than VET. Hence, investments were geared away from technical jobs, especially with the financial difficulties and uncertainties that these economies have been undergoing. The curtailed supply of VET was even supported by the state's continuing role as the main employer in these economies as the relatively low economic growth has not been capable of generating sufficient potential jobs that would require these kinds of technical and vocational skills. Thus, on the one hand, more emphasis was automatically put on administrative skills and education rather than VET by the state and yet, on the other hand, there has been less demand on VET

which low returns failed to motivate individuals to invest in this form of human development.

Low returns on investments in training and skills development of employees also negatively influence employers' willingness to support these schemes. Developing economies generally lack clear agenda for development and ineffective medium- and long-term planning makes it difficult to (i) assess the need for skills; and (ii) plan for the relative returns on investments in skills development. Such a complicated and unstructured process discourages employers as well as employees to invest in skills development, including VET. Employers tend to be sceptical about the benefits they would gain from such investments in their labour force as they might be forced to downsize their operations and lay off the trained individuals in case of any unforeseeable economic disturbances in such a vulnerable environment (Wood and Frynas, 2006). Similarly, employees are not likely to invest in VET if they have low job tenure or if the sector does not seem promising (Wood and Frynas, 2006). This matter grows more complicated within the massive informal sector. Returns on investments in human capital development tend to occur over a long period of time and in such an unstable and fluctuating economic environment only a few employers and employees are likely to take the risk of these investments.

The other component of this key institution as suggested by Whitley (1992; 1999) is the *control system*. Whitley (1999) suggests three main defining features of this system (1999). First is the degree to which labour skills and capabilities are controlled by trade unions. In other words, their relative strength and independence. Second is the manner in which trade unions and professional associations are organised. For instance, whenever associations are organised on industry- or sector-levels, there are more chances for inter-firm collaboration, such as in the case of

Germany, and these are also likely to have a positive influence on employer-employee interdependence (e.g. Lane, 1995; Whitley, 1999; Thelen, 2004). Finally, the third feature refers to the extent to which union bargaining is centralized. This is expected to have major consequences on, for instance, the willingness of employers to cooperate with the state in public training as it could, if powerful enough to standardise wages and skill levels, help in minimizing poaching of employees and workers by competitors in the workplace (Culpepper, 2001).

These relationships are largely incoherent and/or lacking in the case of developing economies. Tripartite relationships between the state, employers and unions continue to be weak in segmented business systems (Wood and Frynas, 2006). The authoritarian character of the state and its unwillingness to share risks and/or decision making with other institutional actors together with its relatively high levels of antagonism of these bodies has left little chances for establishing cooperative relationships. This situation has never been challenged by unions as these suffer from significant structural deficiencies that have weakened their social base and their bargaining powers. Unions in East Africa, as in other developing regions including Egypt, have fallen under close state scrutiny post-independence. Unions in that sense have continued to be misrepresentative of workers' voices as much as it is a state tool to restrain labour actions. The advent of structural adjustment programmes in the 1990s could have led to an enhancement of the autonomy of unions, as part of the general waves of decentralisation of the state, if that was a goal in the first place. Nevertheless, the programmes resulted in more complications for labour, such as massive layoffs stemming from privatisation, reduced the already low levels of workers' bargaining powers and other consequences which have further emasculated workers' position and have not empowered unions in any significant way. On the firm level, employer-employee relationships are characterised by low levels of interdependence and generally low levels of trust (as discussed later) if not governed

by inter-personal connections. This has left workers and unions in a very weak bargaining position *vis-à-vis* the state and employers which is the essence of the poor state-employer-union collaboration in different matters including VET.

3.7.2.4. *Trust and Authority Relationships*

Although Whitley follows a regulationist approach to institutional analysis, he has not ignored the role of culture (Scott, 2004). Douglass C. North himself changed his view when he shifted his focus in 1990 to interactions between formal and informal rules (North, 1990) then later he focused more on the relationship between cognitive factors, culture and the development of institutions (North, 2005). However, the purely cultural perspective (e.g. Hofstede, 1980; 1998; House *et al.*, 1997; Hofstede and Peterson, 2000) that focuses primarily on cultural factors have been extensively criticised for its reliability (e.g. McSweeney, 2002) and were proven to be less effective than institutional influences as for instance depicted by the study of international Human Resources practices (Brookes *et al.*, 2010). Whitley (1999) does not base his analysis on culture but instead he focuses certain cultural elements considered to be necessary for institutional understanding: trust and authority relations (Brookes *et al.*, 2010).

The norms and values governing trust and authority relations within societies have a recognizable impact on exchange relationships between various market players and the state. Whitley (1999) identifies various dimensions of authority relations that are grouped under two broad categories; *paternalist* and *formal political authority*. The latter tend to recognise the importance of involving subordinates in the management of the business more than the former. The relationship between superordinates and subordinates in formal authority relations are governed by preset formal rules. These are likely to offer the latter some rights, such as that to select superordinates, the right

to engage in decision-making to a certain extent and others, which superordinates are bound to in dealing with subordinates. However, the degree of *formality* in this authority system could vary between *contractual* and *communal* formal authority systems. The latter tends to be more flexible than the former. Communal authority systems are based on mutual understanding of interests and goals between superordinates and subordinates supported by high levels of trust and commitment which tend to be insufficiently available under contractual formal authority.

On the other hand, in *paternalist authority systems* the relationship between superordinates and subordinates is likely to be *parent-child like* in which subordinates are not given enough responsibility as they are not expected to share management of common business interests. In such a system, there is a high degree of moral and social distance between leaders and the led. These are likely to be more significant in the case of *Remote* paternalism such as in South Korea and in East Africa (Whitley, 1999; Wood and Frynas, 2006) and are likely to be less distant in *Reciprocal* paternalism (Whitley, 1992a; 1999).

Authority relations largely depend on the levels of trust that govern socio-economic dealings. The level of trust as defined by individual societies could be translated into the degree of reliability of formal institutions in facilitating and/or organising business relations. Thus, for instance in contexts where trust in formal institutions governing exchange relationships is high, business procedures are expected to be impersonal, such as in Germany (e.g. Whitley, 1999; Thelen, 2004). This is not the case in East Africa and in most developing countries where the level of trust in *formal* institutions is generally low (Wood and Frynas, 2006). Therefore, socio-economic relations tend to rely on inter-personal relations and networks.

This tendency has proved to be more economically rewarding in some contexts. For instance, Asian economies such as in China and South Korea have been successful in *institutionalising* trust. In other words, they expanded networks of personal trust to inter-organisational relations thus enabling fruitful business to be developed between organisations based on inter-personal connections and trust, an example of which is in the e-commerce business as suggested by Martinsons (2002; 2005; 2008) in his theory of institutional deficiencies, discussed earlier (Xin and Pearce, 1996; Ashton *et al.*, 1999; Wood and Frynas, 2006). On the contrary, African economies failed to reach such an institutionalisation of trust. These remain largely locked up at the level of personal relations and seldom become effective in fostering inter-organisational cooperation and in some instances even intra-organisational collaboration.

3.8. CONCLUSION

Major contributions to institutional theory are based on developed capitalist economies which have little in common with the focus of this study. For this reason, the limited attempts to extend the theory to the developing world have been discussed based on which the institutional framework was selected. The institutional configuration of the Egyptian economy is expected to largely correspond to that of its African counterparts explored in the work of Wood and Frynas (2006): the Segmented Business Systems (SBS) approach, as an extension of Whitley's institutional framework to developing countries. The ways in which the Egyptian case corresponds to the African experience are to be explored throughout the study. Nevertheless, unlike the SBS approach, the aim here is not to typify the form of the Egyptian business system but to offer an *institutional analysis* of VET while putting more emphasis on the historical and political dimensions to institutional development in ways not provided by the SBS approach. The ways in which institutional analysis can foster the understanding of the policy problem of VET and its development in Egypt are discussed in the next chapter.

4. INSTITUTIONAL THEORY AND UNDERSTANDING THE VET SYSTEM

4.1. INTRODUCTION

This chapter addresses two central questions: (i) in what ways would institutional theory offer an understanding of VET? and (ii) how is it likely to offer an understanding of VET in Egypt? Many theorists have relied on institutional analyses to explain the dynamics of VET and the institutional complementarities influencing the system and its development (e.g. Whitley, 1999; Thelen, 2004; Hall and Soskice, 2004; Amable, 2003). This chapter discusses these analyses in both developed and developing countries in an attempt to answer the first question. The chapter then addresses the second question and offers suggestion as to the possible institutional complementarities and influences on Egyptian VET.

4.2. UNDERSTANDING VET DYNAMICS

For the first half of the twentieth century, the relative effectiveness and levels of investments in VET and skills development more generally was largely due to the problem of poaching externalities¹³, based on the work of Arthur Pigou *Wealth and Welfare* in 1912. Later in the early 1960s, Gary Becker challenged this orientation and offered a completely different theorisation of investments in skills¹⁴ as part of his *Human Capital* theory (Boyer and Smith, 2001).

¹³ The idea that “there is a positive externality between employers which may lead to under-investment in training” (Stevens, 1996:21)

¹⁴ Research on the definition of skills is extensive. Some argue that it is merely a social construct but a pragmatic definition is adopted here. In this study, the definition suggested by Sean Glynn and Howard Gospel is used to refer to skills as “useful ability which is relatively scarce and therefore commands a premium in the labour market, either in the form of higher wages or superior work conditions” (1993:113).

Becker (1964) divided skills into (i) *general skills* which are beneficial to and transportable across many employers; and (ii) *specific skills* which are particularly advantageous and relevant only to the firm that employs the worker (Becker, 1993) and offered a different reasoning to investments in training and skills development, assuming a *perfectly competitive labour market*. He argued that individuals would be more willing to invest in *general skills*, even if employers were not willing to do so, as in such a situation real wages are equivalent to their marginal product. In the case of specific skills, both employers and employees will be willing to share investment in training as this will result in more productivity for the firm and wages above the rate of the market for that kind of skill. Through this theorisation, Becker shifts the argument of under-investment in skills development from the poaching externalities perspective to another that emphasises the affordability of such investments by trainees and/or their families; in other words, *capital constraints* as (Becker and Tomes, 1986; Becker, 1993).

Becker's work (1964) was a turning point in human capital theory; nevertheless, his thesis has been challenged for a number of obvious reasons. First, the dualistic division of skills into *general* and *specific* skills was challenged by an argument for the availability of intermediary skills divisions (Finegold and Soskice, 1988; Stevens, 1999; Acemoglu and Pischke, 1999). Finegold and Soskice argue that the distinction between these categories is not clear cut as in some instances firms would need a mixture of these skills, both general and specific. This view is shared by other more institutionalist theorists such as Acemoglu and Pischke who were very critical of Becker's work (1998; 1999a; 1999b).

Others challenged this distinction and suggested other categories, such as firm- and industry-specific skills (e.g. Estevez-Abe, Iversen and Soskice, 2001) and transferable

skills. The latter has gained popularity in VET and studies on skills development more generally (e.g. Stevens, 1999; Estevez-Abe, Iversen and Soskice, 2001; Shepherd, 2004; Sheldon and Thornthwaite, 2005; Lucio *et al.* 2007). Transferable skills are those which are not specific to a particular firm, are relevant to many employers and are transportable and therefore much in demand. Unlike Becker, Margaret Stevens (1999) argued that competition in this case does not result in an equalisation of real wages and marginal product; there is imperfect labour market competition. For these reasons, workers will not be motivated to invest in skills acquisition as the returns on their investments will not be fully recaptured. Indeed, employers in this situation will be willing to invest in skills and/or share in the cost of training. Nevertheless, this raises the problem of poaching externalities as firms are likely to compete for skilled workers in such an imperfect labour market (Stevens, 1999). This scenario is not recognised by Becker as he bases his assumptions on perfectly competitive labour markets.

Becker's 'ideal-type' prediction of perfectly competitive labour markets is challenged by Acemoglu and Pischke, pointing out the possibilities of labour market imperfections. They offer insights into the different motives for investments in skill development other than that offered by Becker's general/specific skills distinction. They refer to the influences of factors such as the relative efficiency of wage structures, the relative strength and effectiveness of unions and the asymmetry of information available to employers, in imperfect labour markets, and they support their arguments with examples from the developed world; mainly the German system. Hence, they draw the argument away from *capital constraints* (Becker, 1993) and to a wider view that accounts for the influences of various "*labour market frictions and institutions*" (Acemoglu and Pischke, 1999: 539). Nevertheless, Acemoglu and Pischke do not provide a detailed account of the institutional circumstances leading to the different configurations of training in different contexts (Lynch, 2007). Such

arguments have been raised by literature on comparative capitalism which by that time started to gain ground. The point is that neo-economic theories do not adequately capture why skills investments are made, and we recall here that neo-economic theory has dominated discussion of Egyptian VET.

One of the early and important contributions on this subject is the work of David Finegold and David Soskice (1988; Finegold, 1991; Soskice, 1991) which deployed institutional analysis to argue for Germany's *high-skill equilibrium* and Britain's *low-skill equilibrium* (e.g. Finegold and Soskice, 1988:22). These differences were explained in terms of the interactions of different institutional actors: individuals, employers, the government and the market for products. For instance, Britain's under-investments in skills are argued to be a result of free rider problems, which discourage employers to invest in skills, resulting in a pool of low skilled labour. The latter receive low remuneration and have low job tenure in these rapidly changing markets which in turn discourages individuals to invest in skills resulting in a vicious cycle that is not being effectively penetrated by the state as it follows a *free market* ideology where training is largely left to the private sector, individuals and firms in the market (e.g. Finegold and Soskice, 1988; Finegold, 1991; Soskice, 1991; Streeck, 1992; Lane, 1992; Lane, 2002; Crouch, 2005). This is not the case in Germany as discussed later. Hence, emphasis on VET systems started to shift from a mere emphasis on the *quantity* of training as in previous accounts, to a wider explanation of the *quality* of skills and the context-specific influences leading to these characterisations (Thelen, 2004: 11).

This literature has gradually been integrated with institutional theory thus offering a broader characterisation of VET systems by taking into account key institutional effects and complementarities. This has helped explain the relative effectiveness or

otherwise of VET in different economies (e.g. Whitley, 1992; Lane, 1992; Crouch and Streeck, 1997; Hall and Soskice, 2001; Aoki, 2001; Culpepper, 2003; Amable, 2003; Thelen, 2004). This is because institutional theory emphasises the value of integrating societal interests, through effective representation, on VET and its development. It discusses the role of key social and political institutions which not only determine the *quantity* of VET, the relative investment or under-investment in training (e.g. Becker, 1964; Acemoglu and Pischke, 1999) but embed VET in wider societal and political structures that offer insights into the *effectiveness* of the VET system as a whole. This allows for a deeper understanding of the role of intermediate institutions and the means in which these are influenced by the state, all of which affect the structure of VET and its development. The effectiveness of these relationships in developing countries, such as Egypt, are largely uncertain since the state assumes a very interventionist role in the economy. The means by which such a configuration influences VET is discussed below.

The literature has focused on developed economies, so examples from these contexts are first discussed then the discussion shifts to examples from the developing world which is expected to be closer to the Egyptian case. Finally, the chapter concludes with propositions on the ways in which the use of institutional theory in this study would be useful in our context.

4.3. INSTITUTIONAL THEORY AND VET IN DEVELOPED COUNTRIES

There are many examples of VET successes, as well as failures, in the developed world. Institutional theory has been deployed to offer an understanding of the relative (in)effectiveness of these systems in different economies. The German model has been extensively studied as the most successful example of VET in developed economies. The institutional complementarities supporting German VET are

discussed below. These are completely different from the institutional circumstances surrounding VET in developing countries, as exemplified in the case of East Africa in the work of Wood and Frynas (2006), where the political and economic environments are far less stable than in European environments for this type of analysis. .

The German VET system is characterised by high levels of collaboration between the state, employers and unions which have all contributed to the system over time. The state in Germany has been keen to involve institutional actors: works councils, employers' and workers' associations in VET. The welfare state has co-evolved with high levels of VET skills, which have contributed to the development of the quality production systems; a German competitive advantage in high value-added markets (Hollingsworth and Boyer, 1997).

The German state assumed a major role in developing VET policy in what became known as a *highly co-ordinated* business system (Whitley, 1999). This in turn has resulted in '*codetermination, coinvestment and certification*' (Lynch, 2007: 297) of VET through close cooperation between these institutional actors. This allows for the inclusion of the differential interests of each party, which are conflicting in nature, and for compromises to be reached through a process of collective bargaining. Such cooperation also allows the state to benefit from reliable labour market information, which institutional actors share in such a relatively high-trust context. Informational inputs help the state to arrive at effective and fruitful VET policies that take into account the needs of all parties involved (Culpepper, 1999; Clarke and Herrmann, 2004). This has been the case, for instance, in Eastern Germany, where the state benefited greatly from the inputs of employers' associations in directing its expenditures on VET and its development to target the needs of the firms which are likely to make the best use of these programmes (Culpepper, 2001). Furthermore,

the triangulation of information enhances its overall validity and minimises the chances of state benefits and resources being captured by one party.

Collective bargaining on a sectoral level is also beneficial in establishing an equalisation of wages across employers in the same sector. This keeps wages out of competition, which largely addresses the problem of poaching externalities and instead shifts competition to the quality of the end product. Employers are encouraged to invest in VET as a means of enhancing their quality and productivity, a long-term investment by nature, whilst not fearing the loss of their workers to free riders (Lane, 1992; Whitley, 1999; Culpepper, 2001).

Such long-term investments are supported by a financial system based on long-term dealings, although lately this long-termism has been challenged by, for instance, recent changes in the German financial system as argued by Christel Lane (2005:104). Yet, the German system is quite different from other economies, such as the US, where the financial system emphasises short-termism and hence employers are less likely to *lock-up* their capital in long-term investments. Thus, employers are not encouraged to invest in VET as workers can be relatively easily and quickly replaceable from the workforce of competing companies (Lane, 1992; Whitley, 1999; Thelen, 2004; Gospel and Pendleton, 2005). On the contrary, in Germany the institutional circumstances emphasise the long-term retention rather than the replacement of workers. This has resulted in the development of relatively high levels of employer-employee interdependence, reinforcing employers' and workers' willingness to invest in VET (Whitley, 1999). High levels of employer-employee interdependence are also supported, according to Whitley (1999), by the relatively high levels of trust in formal and/or impersonal institutions in the German context, a feature largely lacking in developing countries as discussed later. This overall structure has also been supported by the increasingly important role of the state in German VET in recent years (Croucher and Brookes, 2009).

Finally, the social acceptance of VET, its importance and its tripartite structure are part of the *Modell Deutschland*¹⁵ (Streeck, 2005). VET is deeply embedded in the German social fabric as an idea of *Bildung* and a concept of consistent development of skills across industries reinforced by collective bargaining and a mixture of sanctions and incentives developed through intermediate institutions (Thelen, 2004; Winch, 2006; Burgess and Symon, 2006). This feature is not available in some other developed economies which attach a low social image to VET to an extent that has discouraged individuals from joining the system (Whitley, 1999).

VET has not been as successful in other developed economies, such as the UK, an example of *compartmentalised* business systems according to Whitley (1999). In case of the UK, the state has not equally supported and/or involved institutional intermediaries throughout the industrialisation process as has its German counterpart. The government does not legally enforce employers to engage in VET and tripartite relations are not strong enough to oblige employers to invest in VET. This is a long-term investment, which makes it even less attractive for British employers, who operate under a financial system that emphasises short-term and profitable transactions. In other words, the financial system enforces an arm's length approach to dealings, investments and profits which discourages locking up capital in VET. Thus, employers focus on attracting skilled workers already available in the market; i.e. on poaching externalities.

As for individuals, they find it costly to invest in their own VET, especially since returns on such investments cannot be guaranteed given the general low levels of wages, partly due to ineffective collective bargaining. As a result, a pool of workers with low levels of VET is prevalent. This situation is challenging for the government

¹⁵ *Modell Deutschland* is argued to be threatened by recent legislative developments and economic underperformance (for details see Streeck, 2005; Burgess and Symon, 2006).

to fix on its own through investments in VET, mainly due to budgetary restraints and its *free-market* ideology (Finegold, 1991:95). The British case has been described as one of *low-skill equilibrium* (Finegold and Soskice, 1988; Finegold, 1991; Lane, 1992) a situation characterised by low levels of VET, low wages, low job tenure and low quality production systems (e.g. Finegold and Soskice, 1988; Finegold, 1991; Hollingworth and Boyer, 1997).

Although the wider system in the UK does not support intermediary associations, the integration of employee representatives through trade union learning representatives (ULRs)¹⁶ has proved to be relatively fruitful and effective for the development of VET (Wallis et al., 2005; Hoque and Bacon, 2008). As trained unionists, ULRs are aware of the nature of employees' training needs and reservations about engaging in VET and thus are more likely to help them realise positive outcomes. It is been argued that the relative effectiveness of the ULRs in the workplace will depend on the extent to which they effectively engage with employers, the relative strength of their union and the degree of support offered to ULRs (Munro and Rainbird, 2004; Hoque and Bacon, 2008). Nevertheless, the experience of ULRs is a positive example of state's engagement with unions to improve VET both by encouraging employees and employers to take up the programs (Wallis *et al.*, 2005). Involvement of employee representatives also proved to be effective in the case of the US which largely corresponds to the UK model in terms of its approach to VET and tripartite relations. For instance, in the US construction sector there are two apprenticeship schemes. One is run solely by employers, the other jointly by workers' representatives and employers. In his work on this case, Cihan Bilginsoy (2003) argues that programs of joint collaboration proved to be more fruitful than the ones unilaterally run by employers, in terms of the completion rates of apprentices. These discrepancies are likely to originate from a higher level of understanding of apprentices' needs by

¹⁶ The initiative started by training the first ULRs in 2000 and was further supported by the British Employment Act (Section 43) in 2002 (Wallis *et al.*, 2005; Hoque and Bacon, 2008)

unions' representatives in the joint scheme, an advantage lacking from the unilateral scheme (Bilginsoy, 2003). Thus, positive effects can be obtained through union involvement even where the entire model does not support this.

4.4. INSTITUTIONAL THEORY AND VET IN DEVELOPING COUNTRIES

The institutional configuration of developing economies supported the accumulation of ineffective VET policies, as exemplified in the work of Wood and Frynas (2006) which discusses the various political and social institutional complementarities that have led to the current characterisation of VET. VET is deprived of the advantages provided by effective tripartite cooperative relationships available in the German model for example. The German model, although very different, has nevertheless been frequently used as a point of reference for developing VET outside of the European context.

Developing economies are institutionally configured in ways that offer little pressure and/or incentives for institutional actors to engage in VET, resulting in a vicious cycle of ineffective investments and outputs. The cycle starts with the state. As indicated before, states in these countries tend to be highly antagonistic to intermediaries, including employers' and workers' organisations (Whitley, 1999; Wood and Frynas, 2006). The state has not been willing to empower unions in any way due to political considerations. In the early years of independence, the state co-opted unions. Since then, these have been largely representative not of workers but of the state and its interests. This has emasculated the collective voice of workers in the workplace and in turn severely lowered the effectiveness of collective bargaining with employers regarding VET, wage levels and other issues.

Employers have no incentives to invest in VET; there is no pressure from either the state or unions. Poaching externalities is the more popular and cost-effective technique, as employers can make use of the low wage levels in the economy by offering slightly higher than average wages, which can still be low by international standards, to attract skilled workers in competing firms without investing their time and money in VET. In these circumstances, individuals are also not incentivised to invest in their own VET as the returns on such investments are not rewarding given the low levels of wages and general benefits as well as the low levels of job tenure prevalent as a result (Harvey *et al.*, 2002).

The only party left to invest in VET is the state, whose investments have proved ineffective for a variety of reasons. First, the ability of the state to offer reasonable levels of VET in developing countries is hindered by financial constraints. Hence, the state tends to reduce investments in VET and focus more on general education which is usually less expensive than the former. This trend corresponds to the general international trend of shifting emphasis from VET development to investments in basic education as a key to economic development in Third World countries, as explained in Chapter 2. Second, as indicated in the previous chapter, the state in these contexts tends to focus on investments likely to yield short-term benefits for state and business elites rather than long-term investments as VET even if it is more beneficial for the strategic well-being of the economy (Jackson and Rosberg, 1994; Harvey, 2002; Wood and Frynas, 2006). Thus, investments in VET and human resources development more generally are not amongst their priorities.

Third, the lack of capacity to run VET effectively without the inclusion of key institutional actors has proved to be unfruitful from the experiences of developed economies and even in developmental states (Wade, 1990; Ashton *et al.*, 1999). Although South Korea relied on high levels of state interventionist strategies and the

inclusion of labour market institutions seemed unnecessary, this view did not continue for long due to massive labour eruptions in the 1980s and then in the 1990s (Ashton et al., 1999; Lansbury and Wailes, 2005). As a result, the South Korean government increased workers' involvement and engagement in the workplace through the Act Concerning the Promotion of Workers' Participation and Co-operation. This was also followed with the development of works councils which have played a role in empowering training plans on an enterprise level (Lansbury and Wailes, 2005; Croucher and Miles, 2009).

These negative influences on tripartite relations and the VET system were magnified with the advent of structural adjustment programmes led by international financial institutions. The influence of international institutions is not explicitly referred to in Whitley's institutional framework or in Wood and Frynas' archetype, the segmented business systems, despite its key influences on VET in developing countries and more generally on the economy as a whole¹⁷. Their emphasis has been on showing the continuities in *national* systems. Towards the end of the 1980s, the IMF and the World Bank called for structural economic adjustments to promote liberalisation and decentralisation of developing economies. Many developing states failed to develop a deliberative capacity to negotiate the means or degree of such economic liberalisation with international institutions. A deliberative capacity which Marian Negoita (2006) refers to as '*the ability of the state managers to navigate between internal and external pressures in pursuing their goals*' (2006:209). For instance, Hungary had the political support to develop a deliberative capacity post 1989 in ways that states with similar conditions, such as Romania, had failed to develop. This helped Hungary to escape some of the reforms suggested by International Financial Institutions post-1989, notably shock therapy, in ways that were not possible for

¹⁷ The inclusion of international institutions as a key institution in Whitley's framework is one of the contributions of this study.

Romania for example (Negoita, 2006). A deliberative capacity requires a political willingness and a clear political structure to be realised (Dryzek, 2009). This willingness is likely to diminish in the midst of state fragmentation, personalisation and corruption; all of which reduce deliberative capacities and hinder the effectiveness with which international funds are allocated (Baliamoune-Lutz and Mavrotas, 2008).

In many developing countries, structural adjustment programmes have had daunting influences on unions and labour rights including VET. Lydia Fraile (2010) argues that the degree of negativity caused by structural programmes depends on the relative strength of tripartite relations in these countries before the reforms, which in the case of developing countries tend to be generally low. Privatisation of public owned assets and enterprises in some East African countries has been oriented to the needs of state and business elites with little consideration for labour rights (Tangri, 2000). Unions in these economies did not have the capacity or strength to defend workers and their rights and thus were likely to show little resistance throughout the processes of privatisation (Tangri, 2000; Fraile, 2010). With regards to VET, privatisation has increased the scope of the private sector, which is characterised by low levels of employer-employee interdependence.

The high degrees of reliance on informal networks and interpersonal relationships as discussed in the previous chapter have had negative influences on VET in developing economies. The generally low levels of trust in these economies and the paternalist style of management (Whitley, 1999) have reduced levels of employer-employee interdependence. This lessens delegation of work to employees as well as decreasing job tenure, leading to higher rates of turnover, especially with the lack of means for workers to voice their demands and/or dissatisfaction (Rizov and Croucher, 2009). This leaves little incentive for either employers or employees to invest in VET.

Furthermore, in these developing economies interpersonal connections have become a main criterion for securing a job and less emphasis is put on individuals' skills, which further weakens individuals' willingness to develop their VET. This is argued to be the case with Egyptian small and medium enterprises¹⁸ whose owners, due to the relatively low levels of trust, tend to place a higher emphasis on candidates' personal connections rather than VET to be qualified for the job (Soliman, 2007). Most of these enterprises tend to put a higher priority on personal connections with candidates over their skill levels. This is not problematic, due to the relatively low levels of competition in the Egyptian market, and because many of these enterprises tend to be in the informal sector. Such compromise is not as explicit in large enterprises and these enterprises can afford to have the risk mix of skills and to attract or rather poach skilled workers from competition firms in the market without the need to invest in skills, while keeping room for personally connected candidates who might not be as skilled (Soliman, 2007).

4.5. CONCLUSION: INSTITUTIONAL THEORY AND VET IN EGYPT

As exemplified in the cases of developed and developing economies, institutional analysis offers an understanding of VET levels in these contexts and institutional influences leading to such characterisation. The Egyptian case is far from corresponding to the institutional efficiencies of developed economies, such as Germany. In contrast, many of the institutional features and complementarities leading to VET ineffectiveness in developing countries are expected to be replicated in the Egyptian case, as discussed above with special reference to the African case in the work of Geoffrey Wood and George Frynas (2006).

¹⁸ SMEs represent up to 98% of non-agricultural GDP in some estimates, e.g. UNDP (2008).

One drawback of the institutional framework deployed (Whitley, 1999; Wood and Frynas, 2006) is the lack of a historical perspective to institutional arrangements (Radice, 2000). This study steps back from the current situation in the Egyptian economy and tracks these developments down to its roots since Egypt's independence in the 1950s. This enriches the analysis by embedding key institutional complementarities argued to have a direct influence on VET (Whitley, 1999; Hall and Soskice, 2001; Amable, 2003; Thelen, 2004) into its historical origins thus offering a more comprehensive understanding of two-way influences on institutions and one another, which is not provided in Whitley's framework. Furthermore, the role of international organisations is discussed more explicitly than in Whitley's work throughout the study and through the case of the ILO social dialogue project in Egypt.

Institutional analysis helps explain the levels and qualities of VET in different contexts. In the case of Egypt, authoritarian and hierarchical relations are unlikely to stimulate (i) state-employer-union cooperation on a national level; and (ii) employer-employee interdependence on an enterprise level. Such an incoherent set of institutional arrangements are not likely to effectively sustain investments in VET. This proposition raises an important and our first research question:

RQ1: *In what ways has the institutional environment influenced VET in Egypt?*

This question is answered through a historically informed institutional analysis of VET in Egypt in the next chapter.

5. INSTITUTIONAL INFLUENCES AND VET IN EGYPT

5.1. INTRODUCTION

This chapter addresses the first research question and the propositions made in the previous chapter to explore the ways in which the institutional environment influences VET. It starts with a discussion of the dominant institution in the Egyptian case; the state and the three paradigm shifts it has gone through since 1952. The (semi) authoritarian and interventionist role of the state dictates that, at first, it dominates the VET system. Over time it has exhibited increased financial dependence on international organisations in developing the system. Second, the state has marginalised institutional actors, leading to weak state-employer-union relations. These are examined through a set of continuities in state relations, among both employers and workers, through the paradigm discontinuities since 1952. These weak institutional relationships have been reinforced by low levels of trust and high authority relations. Such an institutional structure is argued to have not been supportive of the development of an effective VET system. The chapter concludes with ILO attempts to enhance state-employer-union relations through its Social Dialogue Project. The extent to which the project can realise effective results is questioned in the second and third research questions and explored over the next chapters.

5.2. THE EGYPTIAN STATE SINCE 1952

The Egyptian state cannot be defined in the Weberian sense as a *meritocratic* and effective bureaucracy. Since the military coup in 1952, the state in Egypt has operated in a complex institutional and legal framework, largely in an inconsistent

and hierarchical manner (Yousfi and Humphrey, 2008). The coup is the first in three *paradigm shifts* (Alissa, 2007:2) in Egyptian economic policies which shaped the role of the state in economic development till the present as discussed below.

5.2.1. First shift 1952-1973

The Egyptian state has assumed an interventionist-redistributive character since the overthrow of the monarchy in 1952 (Yousef, 2004; Richards and Waterbury, 2008). The new regime, led by radical officers or the *free officers* as they became known later, attempted the redistribution of power and wealth consolidated by upper classes prior to the coup to middle and lower strata of the society (Hinnebusch, 1981; 2001). It has been argued that the populist regime did not have a clear political and/or economic strategy to realise these goals (Ikram, 2006; Beinin and Lockman, 1998; 1998; Rousillon, 1998; Baker, 1978). Instead, the broad objectives identified by the Revolution Command Council (RCC)¹⁹ were largely articulated by a series of political even on both the national and international arenas. Thus, for instance, the Nasserist regime did not intend to minimise the role of the private sector El-Ghonemy, 2003). Rather this occurred as the state gradually shifted its external policies from the Western to the Eastern bloc (Beinin and Lockman, 1998; Brownlee, 2007). This shift started in 1954/55 when the United States rejected Egypt's request to increase its quota of arms, pushing Nasser to turn to the Union of Soviet Socialist Republics (USSR). Egypt signed its first arms deal with Czechoslovakia in fall 1955²⁰. In the same year, Egypt's request for financial assistance from the West²¹ to build the Aswan High Dam was rejected after some initial approval to support the

¹⁹ Beinin and Lockman (1988) summarised these as: "(1) the purification of political life; (2) the establishment of democracy; (3) the promotion of social justice; (4) the abolition of the remnants of feudalism; (5) the creation of a strong national army; (6) the assertion of full Egyptian independence and sovereignty" (1998: 418).

²⁰ This marked the beginning of USSR relations with Egypt and more widely with MENA (Dawisha, 1979).

²¹ The United States, Britain and the World Bank (Dawisha, 1979)

project, for a number of political reasons (Kassem, 2004; Dawisha, 1979). In response, Nasser decided to rely on Egypt's own resources to finance the project and thus came the decision to *nationalise* the Suez Canal in 1956²². This then expanded into a wave of nationalisation of private entities throughout the 1960s, leading to a gradual diminishing of the private sector. Also, the close relationship Egypt had established with the USSR on a political level was extended to the Egyptian economy as portrayed in the regime's increased social welfare strategies, plans for import-substitute industrialisation, nationalisation of foreign and private assets and land reform; redistribution of land to the middle and lower classes (Dawisha, 1979; 2003).

Towards the end of the 1960s, the Egyptian state became a largely authoritarian one, controlling the political and economic spheres, including the VET system, with almost no role for other *independent* institutional actors, such as employer's and workers' associations. The state relied on a mixture of repressive and redistributive policies to co-opt different institutional actors who would otherwise oppose them (Cooper, 1979). This can be illustrated through state-labour relations. Labour gained a lot of benefits under the Nasserist regime as compared to other political eras, but witnessed high levels of repression as explained later.

Over the Nasserist era, the Egyptian state accumulated a number of structural weaknesses, such as a huge ineffective bureaucracy that inhibited rather than supported economic development, a largely insufficient and ineffective productive capacity and increased social welfare that started to go beyond the state's capacities. Statist policies to economic development were exhausted towards the 1960s, especially upon Egypt's defeat in the 1967 war. More economic difficulties were encountered before the 1973 war and average growth rates dropped to 2.85% from 1964/65 to 1973 from an average of 7.52% from 1959/60 to 1964/65. This has led

²² In 1958, the USSR offered Egypt a refundable loan at a 2.5 percent interest to build the Aswan High Dam (Dawisha, 1979; Abdalla, 1982; Ikram, 2006). It was completed in 1970/71 with an overall cost of 500 million Egyptian Pounds (Bhatia et al., 2009).

the country to reconsider its external relations. On a regional level, these encouraged Egypt to end the *ideological cold war* (Hinnebusch, 2001:114) with oil producing Arab states in return for their financial assistance (Luciani, 1990: 96). On an international level, Egypt shifted its foreign policy away from the USSR, the largest international donor to Egypt from 1966 to 1972/73, and towards the much economically stronger West which marked the beginning of the second paradigm shift (Abdalla, 1982; Barnett and Levy, 1991; Hinnebusch, 2001; Ikram, 2006; Alissa, 2007). As a result, in 1974, the first economic liberalisation policy was launched; the open door policy or *Infitah*.

5.2.2. Second shift 1974-1985

The shift of state policies to the West was reflected in the adoption of economic liberalisation policies through the 1974 *Infitah*. The Egyptian state started to move into a post-populist era characterised by reduced social welfare, reduced state support for the working class and an increasing empowerment of the state and bourgeoisie relations. These changes resulted in shifting the ruling coalition from workers to private employers (Dawisha, 2003). The latter have gradually gained power and some of them benefited from close connections with state officials which have led to the formation of a new business elite as explained later. The former represented a significant social base for the Nasserist regime despite their *ceremonial* representation in policy making (Al-Sayyid, 2001:164). This is because the Nasserist state successfully maintained a *social contract* with labour whereby workers were offered socio-economic benefits in return for their co-optation by the state (Posusney, 1997; Kassem, 2002; 2004). *Infitah* abolished this social contract though state co-optation of labour was not altered (Al-Sayyid, 2001; Hinnebusch, 2001; Yousef, 2004).

Infitah's new economic measures, together with political changes such as the introduction of a multi-party system, gave a liberal outlook to the regime to signify its

re-alignment with Western ideologies (Ottaway, 2003; Blaydes, 2008). Nevertheless, these were carefully introduced and practiced in ways that preserved the authoritarian position of the state and did not expose the president or the government to any competition from social actors (Fahmy, 2002; Ottaway, 2003). The new policies granted Egypt increased opportunities for international aid, especially from the United States and the World Bank, estimated to be more than 5.5 million US dollars during the period 1970-1977 (Baker, 1990; Barnett and Levy, 1991; Al-Sayyid, 2001; Hinnebusch, 2001). Nevertheless, these also led to cuts in Arab Gulf aid (Crane et al., 2009) and hence the leverage of international donors and organisations, particularly the IMF and the World Bank, on the Egyptian state has increased. Such influence has become particularly significant since the 1985/86 debt crisis (Harrigan and El-Said, 2010).

In 1986, the economy suffered significant losses from oil exports due to the oil crisis. This left the economies of the Gulf's oil-producing countries in recession and many Egyptian workers there were made redundant. This brought severely reduced remittances; an important source of foreign currency to the Egyptian economy, from an average of 8.0 to 2.0 billion US dollars in 1986. These events were accompanied by a 90 percent decrease in revenues from tourism hit by terrorist attacks at that time (Clark, 2000; Ikram, 2006; Paczyńska, 2009). All of these shocks came with a drop in GDP to 3.7 percent, an increase in the rate of inflation to 14.7 percent and more than a doubling in external debt, which rose from 21 to around 50 US billion dollars. The IMF agreed to reduce Egypt's debts by 50% in return for the Egypt's engagement in a program of economic stabilisation and structural reform in collaboration with the World Bank (Clark, 2000; Ikram, 2006; Paczynska, 2009). The Economic Reform and Structural Adjustment Program was the beginning of the third paradigm shift (Alissa, 2007; Harrigan and El-Said, 2010).

5.2.3. *Third shift – Post 1990*

The Economic Reform and Structural Adjustment Program (ERSAP) had three broad objectives. First to achieve economic stability and regain macroeconomic balance. Second, to develop economic growth mainly through the re-direction of public expenditure to productive sectors of the economy. Third, to open the economy to private investments and liberalise it from state dominance mainly through the program of *privatisation*²³(ADBG, 2000; El-Ghonemy, 2003). The regime undertook further economic liberalisation since then under IMF and World Bank pressures. As in other developing and transition economies (e.g. Bartell and Payne, 1995; Greskovits, 1998; Posusney and Cook, 2002), privatisation and economic liberalisation supported new ruling coalitions with business elites who are able to maximise gains under such economic changes as discussed later (section 5.8.1).

Nevertheless, economic liberalisation was not coupled with an equal liberalisation of the political system. Hence, economic reform did not alter the authoritarian character of the state but at best led to a semi-authoritarian state (Ottaway, 2003). Semi-authoritarian states “combine rhetorical acceptance of liberal democracy, the existence of some formal democratic institutions, and respect for a limited sphere of civil and political liberties with essentially illiberal or even authoritarian traits” (Ottaway and Olcott, 1999:3).

The *reform* process in Egypt has occurred over *three generations*, as described by Sufyan Alissa (2007:4). First, from 1991 to 1998 the state took measures to stabilise the economy and it engaged in large scale privatisation estimated to represent around

²³ *Privatisation* refers to the transfer of state ownership of assets and/or more than 50% of shares in public enterprises to the private sector together with the opening of the economy to national and international private investments (Beinin and Waterbury, 1989; Kurland and Brohawn 1993; Omran, 2007).

30% of state owned enterprises (El-Ghonemy, 2003; Ikram, 2006; Alissa, 2007). In the second generation of reform, 1998-2004, emphasis was placed on enhancing trade and related legislations. This has resulted in Egypt's engagement in a number of international trade agreements which had a positive influence on GDP growth rates. The third generation of reform has started in 2004 with the appointment of a new technocratic government composed of large business people and Western-educated reformers (Kienle , 2003; Alissa, 2007; Kolb, 2010). The government accelerated the pace and scope of privatisation which was supported with financial sector and legislative reforms. These policies were complemented with favourable external factors, most notably foreign aid²⁴ as well as increases in oil revenues and in remittances. As a result GDP reached unprecedented growth rates in many decades recording 6.8% in 2006/07 and 7.2% in 2007/08 (ENCC, 2009). These advances were positively recognised by the World Bank which announced Egypt '*the world's top reformer*' in 2007 (El-Mahdi and Marfleet, 2009:2). Nevertheless, these reforms did not extend to the institutional and economic structures as the country continues to suffer from inefficient bureaucracy, red tape and high levels of corruption²⁵. The latter was perceived to be the main impediment for doing business in Egypt, according to the *Arab World Competitiveness Review* in 2010 (Hanouz and Khatib, 2010).

Another major challenge to *reform* efforts is their ineffectiveness in realising effective social gains (Kienle , 2001; 2003; Alissa, 2007). Reforms are argued to have been of little or no benefits to the average citizen, as for example, these led to increased cost of living and unemployment as well as increased redundancies as a result of

²⁴ Egypt received from the United States \$705 million and \$397 million, and from the EC \$184 million and \$183 million, in 2004 and 2005 respectively (Alissa, 2007).

²⁵ Egypt was ranked 98 out of 105 countries with a score of 3.1- on a scale of 0 to 10 from rampant to least corruption levels- on the Transparency International Corruption Perception Index in 2010 (Transparency International, 2010).

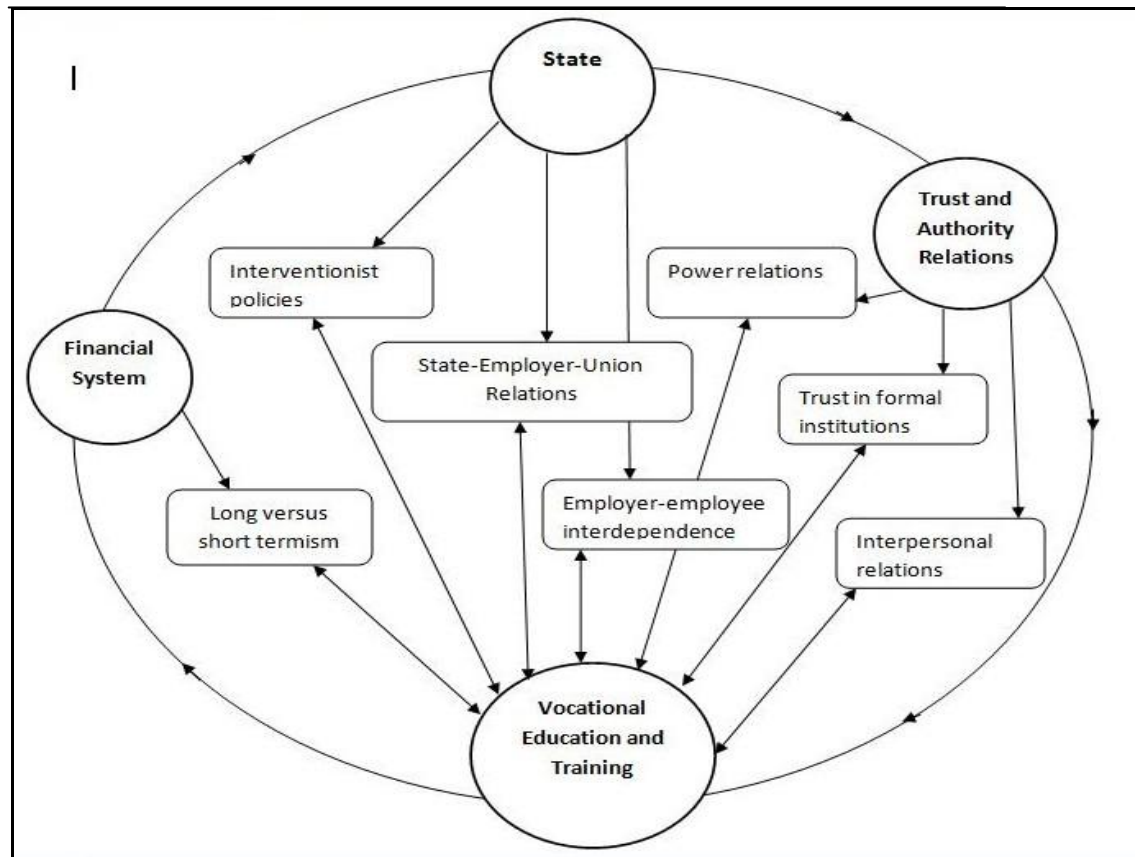
privatisation which in turn resulted in the expansion of the informal sector which grew at 5.3% per annum from 1998-2006 (Amin, 1995; Kassem, 2002; De Gobbi and Nesporova, 2005; Alissa, 2007; Paci and Serneels, 2007; Paczynska, 2009). Social benefits from reform are expected to remain limited as long as key institutional actors, primarily employers' and workers' representatives, continue to be marginalised in policy making and implementation which is currently dominated by the state and business elites (as explained later) according to the prescriptions of international organisations (Alissa, 2007).

Throughout the three paradigms, the state has been the main player in economic activities; a role which is still pivotal by international standards despite its reduction in recent years (Kassem, 2004; Ikram, 2006). This characterisation is reflected in the VET system which has been dominated by the state with almost no inputs from institutional actors (Gill *et al.*, 2000; Abrahart, 2003; ETF and World Bank, 2006). This is discussed in the next section together with the challenges facing the current system which have continually constrained VET since the 1950s. The discussion then emphasises the means by which VET has been affected by key institutional influences as depicted in figure 5.1. In our case, these include (i) low levels of trust and high authority relations; (ii) financial dependence on international organisations; and (iii) ineffective state-employer-union relations.

5.3. VET STRUCTURE AND CHALLENGES

VET in the formal sector has always been provided by the state through (i) formal education; and (ii) VET centres. Other VET sources are private providers, Non-Governmental Organisations (NGOs), and the informal sector. The latter, despite its informality, has been a main source of vocational skills through informal apprenticeship (e.g. Harbison and Ibrahim, 1958; Cochran, 1986; Gill *et al.*, 2000).

Figure 5.1: Institutional influences on VET (informed by Whitley's Institutional Framework)



5.3.1. VET as part of Formal Education

VET is provided as part of the formal educational system by the Ministries of Education (MoE) and Higher Education (MoHE). The former administers three- and five- year programs through its 1,600 technical and vocational schools whereas the latter administers two-year programmes throughout its 47 Middle Technical Institutes (Gill et al., 2000; ETF and World Bank, 2006). Both ministries control all aspects of VET: funding, design, delivery and certification. For instance, teachers are hired as civil servants rather than trainers with practical experiences. Also, textbooks are written by technical school teachers and revised by MoHE syllabi committees without workers' and/or employers' participation (AED, 2008). Recently there have been

attempts to involve employers in curriculum design through small teams of at least one professor, technical teacher and one employer. Nevertheless, employers' contribution is argued to be small and unrepresentative of the needs of entire sectors as indicated by USAID²⁶ (AED, 2008).

As a result, VET has become divorced from reality with ineffective theoretical and practical curricula (Gill et al., 2000; Abrahart, 2003; ETF/World Bank, 2006; Cochran, 2008). Practical training is offered in simulated learning environments, such as laboratories and workshops. However, these have two major drawbacks. First, the available facilities and equipments tend to be out-dated and of poor quality mainly due to low funding (ETF and World Bank, 2006).

For every individual in VET, the state allocates an average of 250 L.E. yet the estimated cost per person is 2000 L.E. to 2,500 L.E. Therefore the system is four to five times underfinanced (Gill, Fluitman and Dar, 2000). Second, simulated environments are less helpful than on-the-job training. The latter is rare due to poor state-employer-union relations (Mulder et al., 2006). In the 1990s, an attempt to engage private companies in VET was initiated by the Mubarak-Kohl Initiative in an important yet controversial attempt by the state to develop VET as part of formal education.

5.3.1.1. The Mubarak-Kohl Initiative (MKI)

MKI was established in the 1990s upon President Mubarak's visit to the former German Chancellor Kohl where they agreed, inter alia, to establish a dual system of education in Egypt with Germany's technical assistance. The ambitious programme aimed to establish links between the system of education and the workplace. The

²⁶ United States Agency for International Development

programme offers students in the vocational path practical on-the-job training for four days a week and school-based education for two.

MoE lead the implementation of MKI by working closely with the German Agency for Technical Cooperation (Gtz). The programme was put into action in 1995 and started as a pilot project in a limited number of cities, schools and private companies. These have expanded during 1995-2005 as shown in Table 5.1. In 2008, with 20,000 graduates from the programme since its establishment and 85% rate of employability, MKI was finally legally integrated into the Ministry of Education under Decree No. 361/2008 (Grunwald, 2009) and the programme was expanded into a new phase intended to enhance the employability of MKI graduates through *Mubarak-Kohl Initiative-vocational education, training and Employability Programme* (MKI-vetEP).

Table 5.1: MKI involvement 1995-2005

Number of	1995	2000	2005
Schools	2	25	43
Apprentices	220	4,500	9,300
Graduates	-	-	11,000
Occupations	-	-	28
Participating cities	1	20	24
Participation companies	65	450	1,600

(Amer, 2007:17)

Despite its success, the MKI team describes their contribution to VET development in Egypt as ‘*a drop in the ocean*’ (Grunwald et al., 2009:4). There are currently 2.4 million students in the vocational track in Egypt and their inclusion requires huge national-level reforms (Grunwald and Becker, 2009). Such reforms are hindered by a number of challenges. One is ineffective bureaucracy and the relative inflexibility of

the public system of education in Egypt (Bardak, 2006). For instance, it took MKI thirteen years of *piloting* before MoE agreed to legally integrate it into the system of education in Egypt in 2008. Another problem is VET's unfavourable social image and its relative unattractiveness as compared to general education (Grunwald *et al.*, 2009). There is also the absence of representative and cooperative employers' associations with which the MKI could negotiate on a national level (van Eekelen *et al.*, 2001; Interview with MKI representative).

5.3.2. Public VET centres

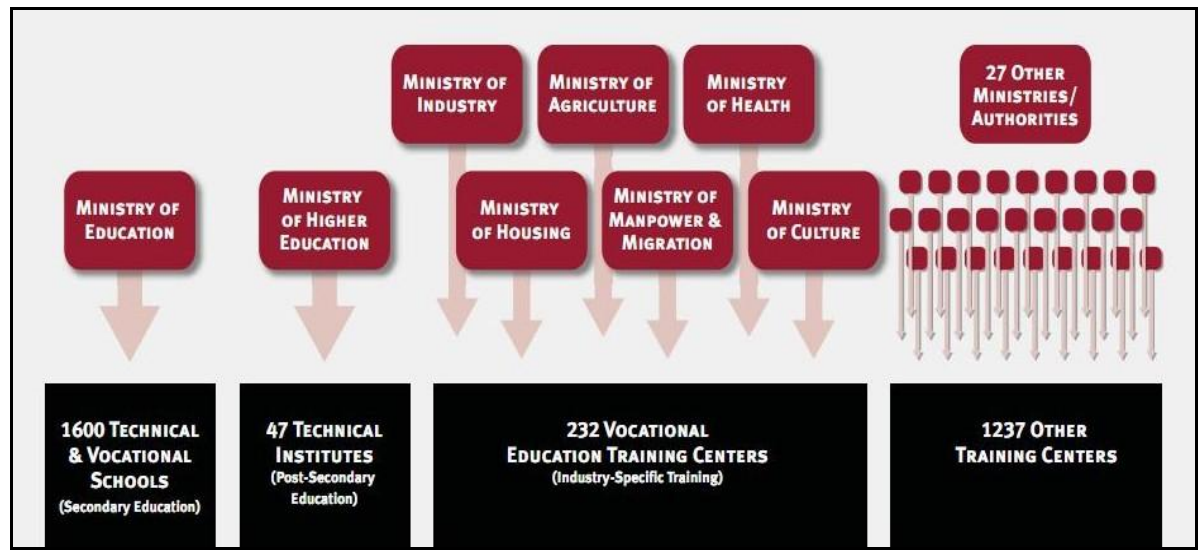
The other source of formal VET is public VET centres. A number of ministries offer *industry-specific* training. This practice was introduced in the 1950s when the Ministry of Industry offered VET in different industrial sectors through the 40 training centres of its Productivity and Vocational Education Training Department²⁷ (ILO, 1957; Harbison and Ibrahim, 1958). The number of ministries offering VET has increased over the years. Today there are as many as 232 industry-specific public training centres as in Figure 5.2 (Dhillon *et al.*, 2009)²⁸.

Public VET centres have always been run by the state without any financial or technical engagement from employers and/or unions. As a result VET programmes have been insufficient to the requirements of the economy and the insufficiency of funds has negatively influenced the quality of outputs (Grunwald *et al.*, 2009). All of which have reduced the credibility of public VET centres and employers have been unwilling to cooperate with these centres and/or utilise their outputs (AED, 2008; Grunwald *et al.*, 2009).

²⁷ See section 5.5.4 for PVTD establishment

²⁸ This is an indication of the fragmentation problem referred to in Chapter 2.

Figure 5.2: Fragmentation of VET across numerous Ministries and public bodies



(Dhillon *et al.*, 2009:7)

As part of the renewed interest in VET development (as indicated in Chapter 2) the state established the Industrial Training Centre (ITC) in 2006 to improve the quality of VET. The ITC operates under the umbrella of MOTI but it has a separate budget of around L.E. 500 million per annum (ITC, 2008). It provides and/or supports VET programmes in a wide array of industries with a focus on five labour intensive priority trades: Engineering, Wood and Furniture, Construction materials, Food and Beverages and Textiles sectors²⁹.

In an attempt to enhance employers' utilisation ITC services, the state has largely subsidised its VET programmes. The ITC started by subsidising 80% of VET programmes' costs and this increased to 90% of costs in 2009 to help employers through the financial crisis³⁰; which is high by regional and international levels. Such

²⁹ Fieldwork focuses on food and beverages, construction and textile sectors in addition to tourism.

³⁰ Interview with a senior representative at the ITC.

high subsidy levels are not new For instance, in 1998³¹ the state allocated 0.7% of GDP to VET. This sum was used to subsidise 92.7% of VET costs, training levies covered 3.7% of the costs and only 3.6% were employers' contributions. Nevertheless, these subsidies were not coupled with a quality service and thus were not effective in attracting employers. The ITC aims to avoid such an outcome by enhancing the quality of its services which, together with the high subsidies, would enhance employers' interest in utilising their services³².

A major attempt to increase the involvement of employers in VET is the *TVET Reform Programme*³³; a match-funded project by the Egyptian government and the European Union, of €33 million from each party. The programme aims to establish public-private partnerships or Enterprise-TVET Partnerships (ETPs) to upgrade VET. There have been some positive results (Box 1),³⁴ yet the relative success of the project to date is controversial³⁵. There are also discrepancies between the programme outputs and its influence on a national level. For instance, from 2005-2009 the programme trained 37,000 workers, job-seekers and certified trainers, a relatively large number of trainees for a single programme, but minimal in a labour market that expands by 900,000 new entrants on average each year (Assaad, 2007). One of the major reasons for its limited effectiveness is the unavailability of a coherent *institutional structure* to support the programme and sustain it on a national level. For instance, there is not a clear structure for the organisation of employers in Egypt and hence their *representativeness* on the programme is very poor (Kassem, 2002). The process of incorporating the new concept of public-private partnerships into

³¹ The data of 1998 are the most recently available data.

³² Interview with a senior representative at the ITC.

³³ Launched in September 2005 and ends in 2011.

³⁴ A detailed discussion of the results of the project and its evaluation is beyond this scope of this study but an evaluation summary

³⁵ Interview with ITC senior representative and VET consultant.

Egyptian public sectors is not expected to be a smooth one in a country with a relatively inflexible public sector that has been the only player in the market for decades and largely lacking institutional prerequisites (van Eekelen *et al.*, 2001).

Box 1. Summary of the quantitative achievements of the TVET Reform Programme

- 37,000 students, workers and job-seekers and certified trainers
- 2,600 trainers trained
- 1,100 audits and training needs assessments of private sector enterprise and TVET service providers
- 160 skills standards for skill levels 1 to 3 developed
- 110 training packages developed
- 100 in-company training centres established
- 40 decision makers participated in 8 study visits to 65 TVET institutions in 10 countries
- 30 curricula developed
- 29 training workshops received new equipment
- 26 TSSs received new equipment
- 12 sectoral Enterprise –TVET Partnerships established
- 8 local Enterprise- TVET Partnerships established
- 3 sectoral training councils established

(TVET, 2010³⁶)

5.3.3. Other Sources of VET

Other sources of VET include private VET centres, NGOs and informal apprenticeships. The contributions of private VET providers and NGOs³⁷ tend to be

³⁶ Available online

³⁷ Defined as “groups and institutions that are entirely or largely independent of government and characterized by humanitarian or cooperative rather than commercial objectives” (Korten, 1991:21).

limited (ETF and World Bank, 2006; Amer, 2007). A major challenge is the lack of a clear structure and criteria for the delivery, evaluation and certification of VET in Egypt. In other words, the absence of national quality standards (which are currently being developed in cooperation with the Scottish Qualification Authority) has reduced the perceived quality and reliability of private VET providers and NGOs as there are no criteria for assessing their performance (Abrahart, 2003; Amer, 2007). However, the role of NGOs and their potential in developing VET is positively perceived by representatives from the ITC and MoE³⁸. Yet, a major challenge is their limited technical and financial capacities which confine their scope of influence (Clark, 2000; Abdelrahman, 2004; Leila, 2006).

Finally, a major source of VET is informal apprenticeships (Harbison and Ibrahim, 1958; Cochran, 1986; Klock and Lim, 1998; Gill et al., 2000). These cannot be overlooked in an economy dominated by micro and small enterprises most of which; up to 82% according to ILO estimates, operate in the informal sector (El Mahdi, 2002; Moktar and Wahba, 2002). Informal apprenticeships offers workers *basic* vocational skills and it has been traditionally based on the experiences of senior workers instead of certain curriculum or quality standards (Harbison and Ibrahim, 1958) and it is not likely to be in line with the latest technologies in the field. Hence, it results in a poorly trained pool of workers with relatively low productive capacities. Such VET levels do not grant workers job opportunities in the formal sector and even if they work as part of a formal sector organisation they remain informally employed. Thus, they remain in the informal sector and pass on their experiences to other informal apprentices and the system goes on in a vicious cycle (Assaad, 1993; Gill et al., 2000). A common example is the building and

They offer VET to individuals, mostly from disadvantaged and poor backgrounds, in various trades (ETF and World Bank, 2006).

³⁸ Interviews in Phase (1) – see Chapter 6.

construction sector where informal apprentices/workers represent 83% of workers (Asaad, 1993; Gill et al., 2000). This phenomenon has had negative influences on the quality of the sector which has a high potential of growth (World Bank, 2009).

The problem of huge informalisation of both the business environment and work relations is a serious constraint to VET development (Klock and Lim, 1998; Moktar and Wahba, 2002). These have daunting effects on the motivations of employers and employees to invest in the system (Wood and Frynas, 2006) as explained before. These are more complicated with the relatively low levels of trust and the paternalist style of authority relations, all of which result in a vicious cycle of low employer-employee interdependence, low levels of delegation, low job security, low pay and little incentive to invest in VET. Informal apprenticeships and more generally the informal sector is a major challenge to VET development as shown later.

5.4. VET AND INTERNATIONAL ORGANISATIONS

Like other economic activities, Egyptian VET receives financial and/or technical assistance from a variety of organisations, some of the projects are shown in Table 5.2. There is no single model for the development of VET but rather each donor agency suggests its development model while offering financial assistance arguing for alterations to suit the Egyptian context. Nevertheless, these prove to be of limited effectiveness as illustrated by the examples of MKI and TVET reform programme due to the incoherence of institutional structures as argued here. These have also added to VET fragmentation which, together with ineffective coordination of donors' efforts, have hindered rather than supported the development of VET in general (Gill, Fluitman and Dar, 2000; ETF and World Bank, 2006; De Gobbi and Nesporova, 2006).

Table 5.2 – Examples of some VET development projects in Egypt in cooperation with international organisations

PROJECT	TARGET	FUNDING
Technical & Vocational Education & Training reform project		Matched funding (EU & Egyptian Gov.) of € 66 mil. From 2005-11
Skill Development Project	Blue collar	<p>\$15 mil. Project from 2004-10:</p> <ul style="list-style-type: none"> • 48% Egyptian Government • 44% World Bank loan • 8% SMEs
Productivity and Vocational Training Department	Training centres across VET (since 1957)	Government (& collaborates with various international bodies, such as Gtz, Japanese International Cooperation Agency, City & Guilds)

National Skills Standard Project	Developing Egyptian Vocational Qualifications (EVQs) up to level 3 for 105 trades in 3 key sectors; manufacturing (22 trades), construction (59 trades) & tourism (24 trades)	Egyptian Government (the Social Fund for Development) & a consortium of European donors led by the British Council. A total of \$5.5 mil. And L.E.5.5 mil. (2000-05)
Foreign Trade Training Centre	Specialised training centres for export marketing & promotion	MoTI (close collaboration with the Japanese government)

(Soliman, 2008:7)

5.5. CHALLENGES TO THE CURRENT STRUCTURE OF VET

The above discussion indicates three important structural challenges to VET; (a) high centralisation; (b) low levels of coordination and cooperation; and (iii) the informal sector.

5.5.1. High Centralisation

The Egyptian state has always had a *dirigiste* approach to VET. The relatively high centralisation of VET deprives the system from the inputs of main institutional actors; employers and unions. Low levels of state-employer-union cooperation deprive VET

of important privileges, most notably of effective Labour Market Information³⁹ (LMI) which is currently weak (Amer, 2007). LMI is crucial to the planning of human resources development in the country and without the input of workers and employers, the reliability of the information provided decreases (Mangozho, 2003; Cully, 2006). In the collaborative German model, which Egypt aspires to apply, VET benefits from the employers' and workers' inputs which enrich the system and points out deficiencies (Hollingsworth and Boyer, 1997; Thelen, 2004). Even with the increased role of the state in recent years, the role of collective employer and labour bodies in the case of Germany has remained crucial to its effectiveness (Croucher and Brookes, 2009).

Even in developmental states, such as South Korea, where the state has assumed a relatively high interventionist role and labour was repressed throughout the 1960s and 1970s (Ashton et al, 1999; kwon, 1994), the involvement of employers and workers was inevitable towards the 1990s (Wade, 1990; Croucher and Miles, 2009). This is not the case with Egyptian VET, similar to its African counterparts, and hence *labour market information*, whenever available, is not reliable (Grunwald *et al.*, 2009) and VET continues to be developed in segregation from the actual requirements of employers and workers.

5.5.2. Low levels of Coordination and Cooperation

VET is very fragmented as indicated above with minimum levels of cooperation and coordination amongst the various Ministries and public bodies involved in its provision. This has left the system with: (i) high levels of duplication of tasks and

³⁹ Defined by the ILO as “any information concerning the size and composition of the labour market or any part of the labour market, the way it or any part of it functions, its problems, the opportunities which may be available to it, and the employment-related intentions or aspirations of those who are part of it” (Thuy *et al.*, 2001:57)

development efforts (Bardak, 2006) which becomes more complicated given the various aid projects for VET development by international organisations; and (ii) high levels of competition for the limited resources and for recognition of achievements rather than cooperation, such as the case with the MoTI and MoE (Gill *et al.*, 2000; OECD, 2010).

An important initiative to reduce the fragmentation of the system is the Supreme Council on Human Resource Development (SCHRD). The SCHRD was been established in 1982 but *reactivated* in 2000 by another Presidential decree (ILO, 2010). The Council aims to represent the major Ministries and social partners, employers and unions, in a single body that becomes responsible for all aspects of human resources development in Egypt including VET (Abrahart, 2003). Nevertheless, the council is largely ineffective and social partners' participation is argued to be '*nominal at best*' (ETF and World Bank, 2006:22).

5.5.3. Informal sector

The informal sector refers to those “enterprises that do not abide by the operating rules and regulations on a formal basis, such as acquiring a business licence, commercial/industrial registration or maintaining regular account books” (El Mahdi, 2002:1). The informal economy is a very problematic aspect of the Egyptian economy and MENA economies more generally (El Mahdi, 2002; ILO, 2007). It is argued to be a result of IMF/World Bank structural adjustment programmes and privatisation (Amin, 2000; 2001; Wahba and Moktar, 2002). The share of the informal economy of total employment in Egypt is estimated to be as high as 55% of non-agricultural employment⁴⁰ (Agénor *et al.*, 2003). Such a large percentage of workers remain without any effective organisation, representation and/or development including VET.

⁴⁰ This problem is shared by other MENA countries; Syria is the country with the lowest employment in the informal sector at 42% of non-agricultural employment (Agénor *et al.*, 2003)

These factors have daunting effects on the motivations of employers and employees to invest in VET as returns on their investments are not guaranteed (Wood and Frynas, 2006). These are further complicated by the relatively low levels of trust and the paternalist style of authority relations which are directly related to productivity, firms' performance and decisions to invest in VET (Finegold and Soskice, 1988; Thelen, 2004; Tzafrir, 2005; Rizov and Croucher, 2009;). All of which result in a vicious cycle of low employer-employee interdependence, low levels of delegation, low job security, low pay and therefore low incentives to invest in VET.

5.5.4. Historically Rooted Challenges

There has been a half-century of experience of the same challenges to VET (Gheita, 1974; Cochran, 1986; ILO, 1986). These go back to the Nasserist era when there was an increased demand on VET due to various policies, such as import substitute industrialisation, nationalisation and the construction of the High Dam (Ellis, 1955). The state sought ILO technical assistance to enhance VET effectiveness (Ellis, 1955). Some action plans were implemented. For example, a new law was passed that necessitated the establishment of advisory committees to advise on the needs of the industry. These regional centres operated under a Central Advisory Commission and had representatives both from the government and from the industry. Workers were not represented on these *educational* councils but were part of the advisory council of the Productivity and Vocational Training Department (PVTD) established in 1954 with ILO technical assistance. The body was established as a tripartite entity with state, employers' and workers' representatives. Nevertheless, the proportion of these representatives was not balanced; employers' and workers' representatives were a minority as compared to the state. This was not helpful as employers and workers were originally not interested in contributing to VET. Hence, the whole programme

became dominated by the state, former civil servants and government personnel (Ellis, 1955; Harbison and Ibrahim, 1958).

Since then, VET development has become limited to the recommendations of the ILO and other national and international bodies that analysed the problem as one of VET supply and demand mismatches. VET development has focused on addressing the same set of challenges (Gheita, 1974; Cochran, 1986; ILO, 1986). In other words, VET development projects have largely and consistently been failing to address VET challenges. I argue that the primary reason for these failures is that development efforts have not addressed the historically rooted key institutional challenges facing VET. These are embedded in a (i) system of trust and authority relations; and (ii) financial system, which have not been supportive of collaborative relationships between institutional actors.

5.6 . KEY INSTITUTIONAL INFLUENCES

5.6.1. Trust and Authority Relations

The Egyptian context is characterised by low levels of trust in formal and impersonal relations and hierarchical authority relations or in Hofstede's typology; high power distance⁴¹ (Harbison and Ibrahim, 1958; Al Heeti and Brock, 1997; Hofstede, 1997; Hatem, 2006); characteristics shared with other developing countries in Africa (Wood and Frynas, 2006).

On a political level, the aforesaid dysfunction is reflected in high degrees of neopatrimonialism in Egypt. The latter refers to “*a system of rule in which a top figure within the state hierarchy governs mainly through a network of personal and informal*

⁴¹ Egypt ranks 80 in high power distance

relations” (Bank and Richter, 2010:2). These personal relationships govern the recruitment of political elites who are categorised according to their personal/political loyalty to the ruler. The new elites then rely on their personal relations to recruit clients to major political and economic positions. This same pattern continues down the political hierarchy (Abdelnasser, 2004; Bank and Richter, 2010). Such a structure increases the chances of clientelism whereby elites could secure access to and redistribute state’s limited resources to their personal clients in return for personal gains (Lust, 2009). All of which adds to corruption, and constrains attempts for effective institutional changes that would alter the status quo.

On an economic level, neopatrimonialism and reliance on personal networks have formed the basis of private sector development and expansion especially since the 1990s (Yousfi and Humphrey, 2008; Abdel-Latif and Schmitz, 2009; 2010). These proved to be more beneficial for business people than formal channels. Employers’ associations, in realising individual rather than collective business interests, thus distorted the lobbying structure in Egypt (Wurzel, 2004; Alissa, 2007). This has been the case as well with unions whose leaders are privileged with close connections to the state and thus have little interest in a genuine representation of workers on the grass-roots levels (Kassem, 2002; 2004; Alissa, 2007). These relationships have not been supportive of state-employer-union cooperation as discussed later.

On an enterprise level, low trust levels and paternalist authority relations have been reflected in low levels of employer-employee interdependence (Harbison and Ibrahim, 1958; Hatem, 2006). These are more evident in Egyptian enterprises, both in the public and private sectors, than in Multi-National Corporations which tend to emphasise *Western* values (Hatem, 2006:204) of relatively high trust, formal authority relations and higher levels of investments in workers’ skills, including VET (Harbison and Ibrahim, 1958; Hatem, 2006; Soliman, 2007). Such relationships have

failed to arouse employers' and workers' interest to invest in VET as explained in Chapter 4. Hence, VET, has remained primarily influenced, and been largely constrained, by the single key institution at the top of the hierarchy; the state.

5.6.2. The Financial System

Financial *reforms* as part of the ERSAP in Egypt are directing the system more towards capital-based financial systems (Kalhoefer and Salem, 2008) though it cannot be argued that it falls precisely within any of the two categories suggested by Whitley (1999). One of the most relevant features of the new reforms is an emphasis on short-rather than long-term dealings. As indicated by Culpepper (2001), these tend to have negative influences on VET investments normally long-term.

An important feature emphasised by Wood and Frynas (2006) but not Whitley (1999) is the *sources of funds* into the financial system. International organisations and donor agencies have played an influential role in the Egyptian economy. Transfers of financial resources from international organisations have always been conditional upon policy amendments and further liberalisation of the economy, as shown in examples from post-communist Eastern European and Latin American economies (Gradev, 2001; Upchurch, 2009; Paczyńska, 2009). Egyptian VET is not an exception as these organisations guide investments in VET according to the models they propose with minimum coordination amongst the various donors and/or VET development projects.

More generally, structural adjustment programmes led by the IMF and World Bank have weakened rather than enforced the role of key institutional actors (Posusney and Cook, 2002; Friale, 2010). Workers' organisations have been particularly negatively influenced by economic liberalisation promoted by international organisations

(Upchurch and Weltman, 2008; Friaie, 2010). All of this have negatively influenced levels of VET investments.

5.6.3. State-Employer-Union Relations

State's relationships with employers and workers have developed differently throughout the three paradigm shifts explained above. Underlying these discontinuities are a set of continuities in an empowered position of state-employer relations and emasculated levels of state-labour relations since 1952.

5.6.3.1. State-Employer Relations since 1952

State-employer relations have completely changed since the Nasserist era. Nevertheless, these developments have empowered certain segments and not the business community as a whole.

i. First shift 1952-1973

At the beginning of the 1950s, the private sector represented 76% of total investments in Egypt (Ghoneim, 2003). It continued to be a major player in the Egyptian economy for a few years after the coup especially since, as indicated earlier, nationalisation of the private sector was not amongst the objectives of the coup (Beinin and Lockman, 1998). The scope and role of the private sector in Egypt has been largely influenced by the Suez Canal nationalisation. Since then there has been an increasing conviction that the state needed to play a more interventionist role in industrial and economic development (Mabro, 1974; Beinin and Lockman, 1998; Brownlee, 2007). A wave of nationalisation of foreign enterprises followed and in 1957 Nasser's government established a special agency to manage the newly *Egyptianised* foreign companies. In the 1960s, nationalisation extended to private enterprises owned by Egyptians as well. Nationalisation has boosted the share of the public sector in the economy. In the 1960s, the public sector controlled around 74%

of gross investment as compared to around 28% in 1952 (Ghoneim, 2003; Ikram, 2006).

By the early 1970s, the share of the private sector in total investments had been severely accounted for only 6% of total investments (Ghoneim, 2003). The repression of the private sector did not prove to be economically rewarding. On the contrary, it resulted in inefficient mechanisms which have increasingly impeded investments and economic development in Egypt up to present (Ikram, 2006; Yousfi, 2008). In addition to lack of competition and exposure to foreign markets, the state's control of investments led to the establishment of large inefficient bureaucracies and over-staffed hierarchical organisations (especially as Nasser declared full employment of university graduates in the early 1960s). State's investments were not linked to productivity or performance levels since these were financed through nationalisations and external borrowing (Abdalla, 1982; Waterbury, 1985; Richards and Waterbury, 2008). This has developed a largely inefficient productive capacity that was not capable of sustaining the economy when these resources dried out towards the end of the 1960s. Finally, the 1973 war with Israel marked the end of the '*socialist experiment*' as described by John Waterbury (1985:67) in Egypt and the beginning of a new political and economic era under Sadat's *infitah* or liberalisation policies (Ikram, 2006; Alissa, 2007).

ii. Second Shift 1974-1985

Infitah policies were coupled with changes in the ruling coalition. This marked an important point in developing closer state-employer relations in Egypt Post-1952. The state encouraged investments from private owners, most of whom were victims of Nasser's populist policies and therefore were supportive of Sadat strategies. From the state's perspective, these were the most important strata of society to the new

liberalisation policies (Hinnebusch, 2001; Kienle, 2001; 2003; Yousef, 2004). For instance, in 1971 Sadat issued Law No.34/1971 repealing the government's ability to confiscate private property without a legal order (Beattie, 2000; Moustafa, 2007). This was a positive step towards assuring private investors of the end of the nationalisation era under Nasser. The share of the private sector started to grow and during this period the first time since Egypt's independence an employers' association; the Egyptian Businessmen's Association (EBA) was formally established and registered in 1975 and 1979 respectively (Giugale and Mobarak, 1996; Kassem, 2002).

Most of the new private activities were concentrated in the service sector (import activities in particular), with investment in production decreasing. This resulted in the formation of a huge consumption capacity that was not counterbalanced with sufficient levels of production (Beattie, 2000; Hinnebusch, 2001). This contributed significantly to the debt crisis of the mid-1980s (Beattie, 2000; Ikram, 2006). The benefits of trade liberalisation and increased international exposure were limited to a relatively small number of Egyptian employers. With time a new class of private employers and owners, similar to the industrial bourgeoisie of before 1952, emerged into the business elite. These were closely related to the regime and were able to secure their personal interests. As a result, the levels of clientelism increased and new monopolies in the private sector started to be created, such as El-Ezz steel which shares around 70% of the steel market (El-Din, 2007) and the levels of corruption and lack of competition have been on the rise (Kienle, 2003; Alissa, 2007).

iii. Third shift 1986-2011

The interpenetration between the state and business elite has gradually increased since the *Infitah* and was reinforced by the ERSAP (Alissa, 2007). Later in 2007, for the

first time since *Infitah*, the changes in the social contract between the state and society were confirmed and formally incorporated into the Egyptian Constitution⁴². The socialist values that have persisted in the Constitution since 1971 (and amended in 1980) including the state's guaranteed role in managing the economy and allocating resources through the public sector, were changed to emphasise the *major* role of market forces and to assign the state a regulatory one (Kienle, 1998; Alissa, 2007; Moustafa, 2007).

The ESRAP was a significant turning point for such changes. Pressures from the IMF and World Bank to liberalise the economy were not favourably perceived by state officials and elite who feared losing political and economic power and gains to other groups. Hence, the scope and pace of liberalisation remained limited till the mid-1990s. Meanwhile, the ESRAP empowered some actors who were close to state elites and at the same time supportive of economic liberalisation. Thus, a *new elite*, one that exhibited its power through influencing access to capital, aid and foreign direct investment, started to gain strong hold (Abdelnasser, 2004; Alissa, 2007; Bank and Richter, 2010). This has proliferated in the establishment of the new Policies Committee in the National Democratic Party (NDP), the ruling party in Egypt to which the President's son; Gamal Mubarak was appointed as a president in 2002 and which has a number of Western-educated technocrats, academics and businesspeople for members (Alissa, 2007; El-Din, 2007; Kolb, 2010).

Nevertheless, the empowerment of these elite is not an indication of an effective empowerment of the business community as a whole. Despite the quantitative increase of businesspeople in the parliament) 71 members in the parliamentary term

⁴² Especially through Articles 4 and 24 which deal with the nature of the economy and the state's role in it, respectively (Alissa, 2007).

1995-2000 rising from 7 members in 1979-84), it is argued that their representation is merely *quantitative* without any effective involvement in policy making (Hashem and El Mikawy 2002: 49, 57). Also, the interests of small and medium enterprises (SMEs), which represent 80% of the GDP and 99% of the non-agricultural private sector, are not represented in this ‘business community’ (Alissa, 2007: 19). As such, the effective involvement of institutional actors business community and unions (as shown later), have been curtailed.

The business community in Egypt is relatively fragmented with poor levels of organisation, weakening its bargaining position (Hashem and El Mikawy, 2002). There are some exceptions, such as the British Egyptian Businessmen Association (BEBA⁴³) and, on a regional level, the Alexandria Businessmen Association (ABA) and the 6th of October Investors’ Association, which are relatively organised and have been relatively successful in voicing their members’ demands (Kolb, 2010).

The only employers’ association with formal capacity to participate in socioeconomic policies is the Egyptian Federation of Industries or EFI (Kassem, 2002). The EFI works under close guidance of the Ministry of Trade and Industry. The Ministry considers the EFI to be “the eye which allows the government to see the problems of industry” (Kassem, 2002: 71). Despite its independence of the state, the EFI *formally* represents employers not only locally but internationally , for example on the ILO and its International Labour Conference (ILC). Other employers’ associations such as the EBA, BEBA and ABA, are sometimes invited to participate in some ministerial meetings and discussions yet they do not have any formal influence on state policies except through the EFI. These associations therefore rely on informal networks to win the support of the state and (Kassem, 2002). For instance, BEBA and ABA have

⁴³ (sic)

had a relatively active role in supporting VET development in recent years. Some ABA members have offered training opportunities for Mubarak-Kohl Initiative for instance and BEBA was one of the main sponsors of the Egypt-UK Partnership Conference on VET development in December 2008⁴⁴.

State-employer relations have strengthened since 1952 but in an uneven manner. Only a limited faction of the business community is able to benefit from developments in state-business relations. The wider business community continue to be misrepresented with limited influence on socioeconomic policies, including VET. This is part of the *segmentation* of the economy referred to by Wood and Frynas (2006). The situation is worse within workers' organisations. Labour has not enjoyed any improvement in state-labour relations since 1952 and their representation in socioeconomic policy making continues to be a ceremonial one.

5.6.3.2. State-Labour Relations since 1952

Workers' participation in VET has never been effective as shown in the examples above. Marginalisation of workers from the political and economic arenas has been part of the state policies since the military coup in 1952. This has resulted in the development of confused state-labour relations and consequently state-employer-union cooperation over time

i. First shift 1952-1973

The working class played an active role in resisting British colonialism in Egypt, which came to an end in July 1952 (Chaichian, 1988). They considered the military coup to be a victory for Egyptian labour against colonialism and the bourgeoisie and

⁴⁴ Refer to Chapter 6 on Methodology and Methods for details.

they had high expectations for labour support in the new era (Beinin and Lockman, 1998). Nevertheless, the new state worked on issuing laws that aimed to shift unions from the pluralism enjoyed before 1952 to state corporatism (Bianchi, 1986). The first set of laws was issued in September 1952 offering more rights to workers in response to *Kafr Al Dawar* incidents when workers went on strike in August 1952 calling for more benefits (Beinin and Lockman, 1998; Posusney, 1997). The new state reacted furiously to the strikes which ended with the arrest of many workers and the execution of the strike's leaders (Beinin and Lockman, 1998). *Kafr Al Dawar* incident, which was a pivotal point in state-labour relations as it demonstrated the new regime's intolerance to any behaviour that could threaten its control, even if it was initiated by and for the benefit of the working class (Posusney, 1997). The new laws were coupled with a decree ruling strikes or any form of organised labour action illegal. This implicit bargain between workers and the state was the beginning of what Joel Beinin and Zachary Lockman refer to as the '*historic compromise*' (1998:455) initiated later in 1954. Through the historic compromise the state agreed to grant workers more economic and social benefits in return for unions' *submission* to the state; a strategy which proved to be successful. As a result, the labour movement went under the tutelage of the regime

Another important step towards the overregulation of labour was the establishment of the Egyptian Trade Union Federation (ETUF) under the auspices of the state in 1957. Workers in the public sector have since been automatically registered in one of the twenty three union federations which operate under the umbrella of the ETUF (El-Mahdi, 2003). Upon its establishment, the state was not willing to risk the ETUF political adherence to other parties, such as the communist party and the Muslim brotherhood, and therefore leaders were *selected* by the state (El-Mikkawy and Handoussa, 2002; Beinin and Lockman, 1998). Such bureaucratisation of trade unions has extended to characterise state-union relations up to the current regime

(OECD, 2010). Further support for workers was offered by Nasser's regime with the establishment of the Ministry of Labour in 1959 (now known as the Ministry of Manpower and Migration) in which workers' representatives (selected by the state to represent workers in the ETUF) were appointed in senior positions (Beinin and Lockman, 1998; El-Mikkawy and Handoussa, 2002). The Ministry of Labour aimed at matching job seekers to public sector jobs to keep up Nasser's promise of full employment to university graduates (Beinin and Lockman, 1998; Posusney, 1997; Ikram, 2006).

Working class support to Nasser's regime was reinforced with the wave of nationalisation that started with the Suez Canal in 1956. This marked the beginning of closer Egyptian-Soviet relations which eventually led to the development of a quasi-socialist system or as it became known; the "Socialist Revolution" (Chaichian, 1988; Ayubi, 1990; Ikram, 2006). This system offered increased social and economic benefits to the working class, part of a largely effective *social contract* popular throughout the Nasserist era. This social contract had a wider meaning than that prevalent in European contexts (Youssef, 2004). It extended beyond the general meaning of collective agreements realised through state-labour bargaining processes to encompass a wider set of expectations for the political choices and organisation of the economic environment. For instance, in the 1960s the law required at least fifty percent of the seats in the National Assembly and in the management committees of public enterprises to be offered to workers and/or peasants (Ayubi, 1990; Kassem, 2002; 2004; Ikram, 2006). The social contract counterweighted for the repressive labour laws imposed on workers, which explains labour general content at the time despite their co-optation by the state. Nevertheless, the situation changed upon the launch of Open Door policy in 1974.

ii. Second shift 1974-1985

The social contract with workers was abolished with the advent of Sadat's Infitah policies. Sadat's new philosophy encompassed considerable cuts in the benefits offered by the government to labour and Egyptian society in general, bringing a series of strikes and protests throughout the country. The most violent of these strikes, was in March 1975 in the textile centre of Mahla Al-Kobra; the state violently contained the situation, which ended with the arrest of 2,000 workers and death of 35 others by the armed forces (Ikram, 2006; Paczyńska, 2009). Towards the end of the 1970s, there were large increases in inflation rates and in the cost of living estimated to be 15 percent increase per average income (Cooper, 1982; Ikram, 2006). Such increases and further cuts in state subsidies under pressure from the IMF resulted in 'food riots' in 1977 which reduced support for Sadat's policy especially amongst the working class (Hinnebusch, 2001: 127).

On the economic front, the protests resulted in the state's decision to slow down the pace of liberalisation (Hinnebusch, 1985). Socially, the Sadatist state attempted to contain labour action through a two-fold policy. The state offered workers more social and economic benefits, such as the wages and pensions increases of 1977/78, but simultaneously, tightened controls over labour and unions. For instance, Law 35/1976 (later modified in 1981) increased state co-option of unions and their executive elections. This was very evident in the 1979 union elections, the last elections under Sadat, where there was little competition; leftists ended up with 120 out of 4,000 local union seats and later the 120 members were arrested as opponents to the regime. There were hardly any changes in union leadership (Waterbury, 1985).

Therefore, unlike other economic aspects the policies of labour containment and control did not change under Sadat's regime but rather increased. Nevertheless, the

Sadatist state failed to gain the labour support of the Nasserist state especially upon breaching the *social contract* (Posusney, 1997; Yousef, 2004). Since then state-labour relations have been characterised by increased tensions and anxieties which accumulated and erupted from 2006 (Beinin, 2009).

iii. Third shift 1986-2011

Economic liberalisation through the ERSAP has not supported labour and labour organisations, as has been the case with other developing countries. The market-based or neoclassical model of economic development supported by International Financial Institutions (IFIs) considers labour and its collective interest to be a major constraint to the operation of the market. As a result, more measures were taken by the Egyptian state to weaken labour organisation (Posusney, 1997; Alexander, 2010; Friaie, 2010). .

Union elections were further controlled by the state through Law No.12/1995. According to this law, union leaders were allowed to run in re-elections without the need to be re-elected in their own firms, having been previously elected to a position on the executive board (Kienle, 1998; Kassem, 2004). The law, however, did not allow workers on fixed term contracts to run in the elections. Most workers in the public sector employed since 1985 are on fixed contracts and they have been the ones most likely to be negatively influenced by privatisation. In that sense the new law has (i) enforced government control over the elections of union heads; and (ii) reduced the representativeness of unions and the ETUF of workers at the grassroots levels who are most likely to oppose privatisation.

Privatisation was expected to result in the retrenchment of 650,000 by the year 2000, according to IMF suggestions agreed to by the Egyptian government (Kassem, 2004; Paczyńska, 2009). The government was hesitant to engage in such large scale layoffs, fearing social unrest. Hence, the pace of privatisation was very limited until the mid 1990s under pressures from IFIs to speed up the process. Then in 1996, the government introduced early retirement packages in an attempt to reduce the drawbacks of privatisation. These are aimed at workers who have been employed in the public sector for at least twenty years and in the age groups of 50-58 and 45-58 for males and females respectively⁴⁵ (Kassem, 2004). Between 1996 and 1998 the government paid around 1,467 billion Egyptian pounds for the early retirement of 60,000 workers⁴⁶. It is important to note that such measures to compensate workers are mainly due to state antagonism to social unrest. It is not due to coherence of workers' collective bargaining position as workers. On the contrary, collective bargaining continued to be non-existent under such relatively low levels of union representativeness of workers (Joseph et al., 2007). Such incoherence has been reinforced with ETUF heads becoming members of the ruling party; NDP and even appointed as the Ministers of Manpower (Hinnebusch, 2001; Kassem, 2004). All of these conditions have reduced the independence of ETUF and raised ILO concerns about its representatives.

Even workers who escaped retrenchment processes were negatively affected by the privatisation of their workplaces. A major problem has been the withdrawal of the *guaranteed bonus*⁴⁷ from workers' wages by the new private owners. A popular

⁴⁵ These criteria were later abolished and early retirement was available for all workers who would apply for them.

⁴⁶ Packages range from 13-35,000 Egyptian pounds (Khattab, 1998; Kassem, 2002)

⁴⁷ "Guaranteed bonuses" or variable pay represents an integral part of workers' wages. It is a widely spread practice in the Egyptian public sector though it is not governed by law; as an indirect way of reducing social benefits. Hence, workers have always considered these bonuses a part of their fixed pay

example is that of Cement Helwan; a group of four sister formerly public companies currently owned by an Italian company. The latter withdrew guaranteed bonuses which represented 67% of total workers' wage. Workers objected these changes and the ETUF was involved; nevertheless, the company did not respond to workers' demands until they arranged a sit-in that increased to more than 1000 workers in ten days (Clément, 2009). Only then did the Italian company agree, in 2006, to negotiate with the General Union for Workers in Construction and representatives from the state; MoMM, attended the meetings and an agreement was reached in 2009 (Clément, 2009; ETUF, 2009). Nevertheless, in most cases such an agreement is never reached and workers end up either leaving the job or working under such unfavourable conditions.

The continuous repression of labour which was magnified as a result of the ERSAP resulted in labour eruption by the end of 2006 in the largest workers' movement in Egypt for more than 50 years with around 1.7 million workers involved (Beinin, 2009; El-Mahdi, 2009). It started with strikes in *Mahalla*, a major textile and clothing centre in North Cairo that employs around 25 percent of all public sector workers in this field (Beinin, 2009). In December 2006, 24,000 workers in *Mahalla* went on strike as their demands for pay increases were not supported by ETUF (Al-Nahhas, 2008; El-Mahdi, 2009). A series of labour actions have taken place since then, the most significant of which was the strike of real estate tax collectors in 2007 (Alexander, 2010). They were dissatisfied with the ineffective enforcement of the Higher Council of Wages⁴⁸ which increased pay only for certain job categories (CTUWS, 2010). Nevertheless, their demands were not supported by the ETUF as this would have opened the floodgates to similar demands in other sectors. As a

who got used to receiving these regardless of their performance. However, these are not included (CTUWS, 2010).

⁴⁸ introduced in the new Labour Law No.12/2003 (CTUWS, 2010)

result, tax collectors organised themselves independently of the ETUF but they struggled for a year and a half until their union was established in April 2009 with the support of the ILO and international human rights organisations⁴⁹ and hence becoming the first independent union since 1940s. The state's reaction to this incident was inconsistent. The Minister of Finance agreed to meet with the heads of the tax collectors union to negotiate their demands, but the ETUF refused to recognise the new union and its heads were critical of the Ministers' reactions (El-Mahdi, 2009; CTUWS, 2010). However, regardless of ETUF's position, this is a significant development in the position of labour post-1952 illustrating a change in state's reaction and tolerance to labour action. This could develop to be a turning point in state-labour relations especially given ILO support to unions' independence and the international pressure on the Egyptian state due to its non-observance to ratified Conventions No. 87 and 98 (Cammatt and Posusney, 2010).

5.6.4. *Underlying Continuities*

Underlying the discontinuities throughout the paradigm shifts are some continuities in employers' and workers' positions in the economy. The private sector has been increasingly empowered since the 1950s whilst workers' organisations have been increasingly repressed and co-opted by the state. The 2006 wave of strikes have occurred two years after the appointment of the new technocratic government as an indication of the expanding social drawbacks of the intensive economic liberalisation undertaken particularly since 2004 as part of the ERSAP. The latter has realised positive economic growth but has failed to develop social aspects. This is mainly due to the lack of an effective *social dialogue* between the state and social actors (Alissa, 2007).

⁴⁹ For more details on the process of the union's independence see El-Mahdi, 2009.

There are current attempts to enhance the relationship and dialogue between the state and key institutional actors; employers and unions, by the ILO through its Social Dialogue Project or as it is formally titled the *promotion of fundamental principles and rights at work and social dialogue* (ILO, 2010). The project was launched in 2008 and is funded by the US Department of Labour and is expected to end in 2011 unless granted extension. The development of effective state-employer-union cooperation would have a positive influence on various socio-economic issues and labour issues including VET and its development, as depicted from the experiences of developing countries as Albania and Romania, and developed ones as Japan and the EU (Finlay and Niven, 1996; Winterton, 2000; 2006; Rychly, 2009). The extent to which this can be effectively realised in Egypt is one of the research questions addressed here.

5.7. ILO SOCIAL DIALOGUE PROJECT (ILO SDP)

Social dialogue refers to “*all types of negotiation, consultation or simply exchange of information between or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy*” (Kuruvilla, 2006:178). These can occur on a tripartite or bipartite basis on a national, regional or enterprise levels (Bolwell and Weinz, 2008). Four conditions are necessary for ILO SDP development: (i) independent employers’ and workers’ organizations; (ii) political will and commitment of all the parties; (iii) effective recognition of rights to freedom of association and collective bargaining; and (iv) supportive institutional structures (Gajardo and Gómez, 2005:1). As shown earlier, these conditions are largely incoherent in the Egyptian case which questions the effectiveness of the ILO SDP.

Social dialogue is one of the goals of the Decent Work Agenda⁵⁰ initiated in 1999 following the 1998 Declaration on fundamental principles and rights at work (Kellerson, 1998; Hassel, 2008). This attempts to set core ILO values which are binding for all members regardless of their ratification of relevant Conventions (Maupain, 2005; Hassel, 2008). This step was initiated to avoid complications from members who refuse to ratify certain Conventions that they perceive to be intervening with internal labour policies or as a source of increased labour costs on a national level (Hassel, 2008). Such complications have particularly occurred during the Cold War period (1945-1991). The USSR was not adhering to the concept of tripartism as the state, employers and unions were all represented by members of the Communist party. Opponents of this representation, mainly the US, rejected USSR membership in 1954 whereas supporters argued along the lines of *universality*; all countries are equally entitled to join the ILO. The universality argument won and the USSR continued its membership and hence tripartism was challenged, progress in technical cooperation was significantly constrained and the ILO's overall capacity to influence international social policy was doubted (Cox, 1961; Osakwe, 1972; Joyner, 1978; Haworth and Hughes, 2003).

The US expressed its discontent with the erosion of tripartism in the 1970s by suspending its financial contributions, which represented about 25% of ILO budget, and withdrawing from the ILO in 1977. The US used its financial weight to combat USSR empowered position within the ILO (Elliot and Freeman, 2003). This was a top priority at the time as the ILO was increasingly used as a leadership tool for transnational dissemination of labour ideologies. Hence, the Eastern-Western competition for hegemony on the international arena was extended to and eventually supported by the ILO (Cox, 1971; Osakwe, 1972).

⁵⁰ Other values are: rights at work; employment and work; and social protection.

These struggles continued until the end of the Cold War which marked the end of fragmentation of ILO policies across communism and capitalism (O'Brien, 2000). The concept of tripartism started to be re-strengthened within the ILO and more emphasis was put on technical assistance. This became particularly important after 1998's Declaration which necessitated ILO assistance to member states to support them in meeting core ILO principles and values. Such obligation to offer assistance is also part of the Decent Work Agenda and hence ILO efforts to promote effective social dialogue in Egypt.

5.7.1. ILO SDP in Egypt

The ILO has defined a set of objectives to be achieved through its social dialogue project in Egypt. First is the need to collectively raise workers' and employers' awareness of their rights and obligations at work and to engage them in an effective tripartite social dialogue. Second is to enhance the independence of the current workers' and employers' organisations. The remaining two objectives are focused on MoMM. The third objective aims at enhancing MoMM capacity to settle labour disputes effectively and fourthly to assist MoMM in reforming labour legislations to resolve current contradictions between Labour Law No.12/2003 and some of the ratified ILO Conventions, such as Convention No.87 (ILO, 2009).

The ILO is facing two major challenges at this point (i) the ILO SDP is not supported by coherent institutional structures; and (ii) the project's limited time frame⁵¹. The project has been operating under these challenges since 2008 and it has yielded some results that could be explored to verify the degree of influence on (i) state-employer-union cooperation; and (ii) VET development. These are explored from the viewpoints of institutional actors and ILO representatives. These are preceded with

⁵¹ There is currently no indication of its extension beyond 2011.

an exploration of the mutual perceptions these parties hold of state-employers-unions cooperation and inputs VET, thus allowing for the verification of results. Hence, these areas are investigation through the research questions:

RQ2: *What are the mutual perceptions of key institutional actors of state, employer and union inputs and cooperation in VET?*

RQ3: *In what ways do institutional actors perceive the ILO SDP to have influenced state-employer-union relationships and VET development?*

5.8. CONCLUSION

Institutional analysis of VET suggests an incoherent set of relationships between key institutions and amongst main institutional actors to VET. These relationships were established and deeply entrenched in the historical developments and state relationship since the military coup in 1952. As a result, employers' and workers' investments in VET have deteriorated and the state has remained the main provider of VET. The system has continued to be divorced from reality. The low levels of trust and parental authority relations in Egypt have added to the incoherence of state-employer-union cooperation which has not been beneficial for VET. International organisations have developed an increasingly important role in the Egyptian economy. Nevertheless, their influence on VET development has not been effective on a national level and other policies have hindered rather than supported VET investments, most notably through structural adjustment programmes. Hence, the problem of VET ineffectiveness is more than skill supply and demand mismatches as argued by national and international organisations. Also, there are current efforts that would change some of the current circumstances; the ILO SDP. The extent to which the project can succeed in realising such cooperation is questionable and is explored through our two research questions indicated above.

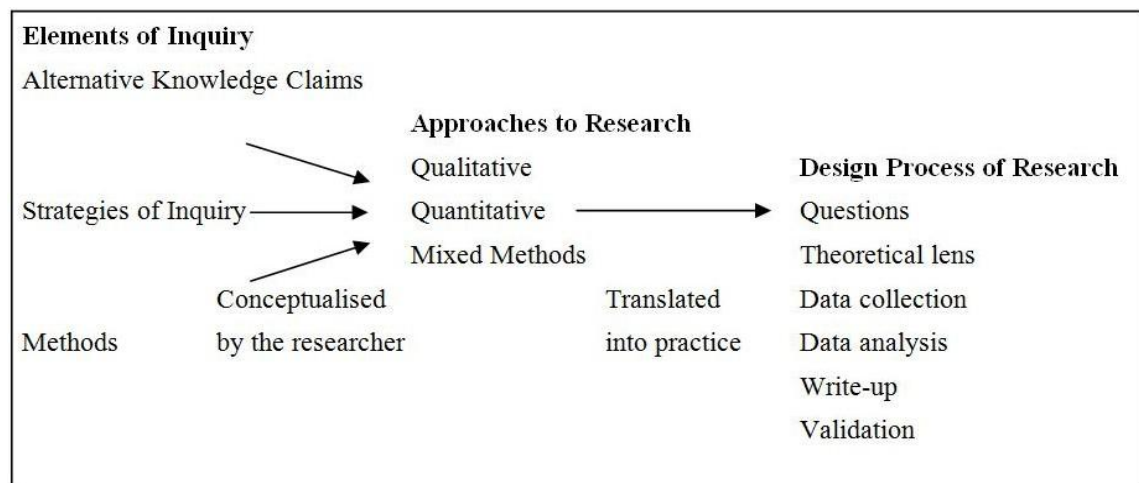
6. METHODOLOGY AND METHODS OF DATA COLLECTION

6.1. INTRODUCTION

The framework suggested by of Michael Crotty (1998) and refined by John Creswell (2003) is used to justify the choice of the research methodologies and methods. The discussion is divided into three parts to discuss (i) Knowledge Claims, in which the epistemological, ontological and theoretical perspectives are discussed; (ii) Strategies of Inquiry that justify the choice of the research strategy and design; and (iii) Methods, which discusses the use of documentation, the sampling frame, interviews, focus groups and observations. Finally, challenges faced in the field are discussed under the heading Limitations.

6.2. PHILOSOPHICAL UNDERPINNINGS

Figure 6.1: Knowledge claims, Strategies of Inquiry and Methods leading to approaches and the design process



(Creswell, 2003:5)

The choice of methodology and methods is based on a certain *theoretical perspective* shaped by the researcher's understanding of what constitutes knowledge: epistemology, as suggested by Michael Crotty (1998; 2003). Crotty's framework for research design was developed by John Creswell (2003) into three areas; knowledge claims (including epistemology and theoretical perspectives), strategies of inquiry and methods. These determine the choice of research approach which guide the research design and the process of data collection in the field to address the research questions:

RQ1: *In what ways has the institutional environment influenced VET in Egypt?*

RQ2: *What are the mutual perceptions of key institutional actors of state, employer and union inputs and cooperation in VET?*

RQ3: *In what ways do institutional actors perceive the ILO SDP to have influenced state-employer-union relationships and VET development?*

Each of these areas is explored to justify the choices made (figure 6.1).

6.2.1. Knowledge Claims

Epistemology, according to Maynard (1994:10), "is concerned with providing a philosophical grounding for deciding what kinds of knowledge are possible and how we can ensure that they are both adequate and legitimate" or as defined by Crotty (1998: 3) as "a way of understanding and explaining how we know what we know" (Crotty, 1998: 3). Epistemology is closely related to another philosophical concept: ontology (Burrell and Morgan, 1979; Blaikie, 1993; Crotty, 1998; Chalmers, 1999; Bryman, 2001). Ontology is "the study of being. It is concerned with 'what is', with the nature of existence, with the structure of reality as such" (Crotty, 1998:10). Epistemological and ontological orientations define the meanings of knowledge and reality upon which the research strategies and methods are based.

Epistemological orientations can be considered to be falling between two poles; *objectivism* and *subjectivism*. At one end, *objectivism* states “that meaning, and therefore meaningful reality, exist as such apart from the operation of any consciousness” (Crotty, 1998:8). On an ontological level, this largely corresponds to *realism* (Guba and Lincoln, 1994). The latter states that “the social world external to individual cognition is a real world made up of hard, tangible and relatively immutable structures” (Burrell and Morgan, 1979:4). These orientations have been associated with *positivism* in which “social reality exists independently of the observer and the activities of social science” (Blaikie, 1993: 202).

At the other end is *subjectivism*, an epistemological orientation where “meaning... is imposed on the object by the subject” (Crotty, 1998:9). On an ontological level, this shares the idea of *nominalism*; an ontological perspective which holds that “the social world external to individual cognition is made up of nothing more than names, concepts and labels which are used to structure reality” (Burrell and Morgan, 1979:4). These have been identified with *interpretivism*, a theoretical perspective in which “social reality is regarded as the product of processes by which social actors together negotiate the meanings for actions and situations” (Blaikie, 1993:96).

There are different groupings of these epistemological, ontological and theoretical perspectives developed into knowledge claims Creswell (2003) in Table 6.1. The position followed by this research is *Social Constructionism*. The rationales for this choice and of critical realism as the theoretical perspective are discussed below.

Table 6.1: Alternative knowledge claims and key features

Knowledge Claim Positions	Main features
Postpositivism	<ul style="list-style-type: none"> - Deterministic philosophy – in which causes probably determine effects or outcomes. - Reductionism – the intent to reduce the ideas into small, discrete set of ideas to test. - Empirical observation and measurement - Theory verification
Social Constructionism	<ul style="list-style-type: none"> - Individuals seek understanding of the world in which they live and work. - Multiple participant meanings - Social and historical construction of meanings - Theory generation
Advocacy/Participatory	<ul style="list-style-type: none"> - Inquiry needs to be intertwined with politics and political agenda. - Empowerment issue-oriented - Collaborative – so as to not further marginalise the participants as a result of the inquiry. - Change-oriented – involves an agenda for change to improve the lives of the participants.
Pragmatism	<ul style="list-style-type: none"> - Consequences of actions – knowledge claims arise out of actions, situations and consequences rather than antecedents. - Problem centred – the problem is most important and researchers use all approaches to understand the problem. - Pluralistic – as a philosophical underpinning for mixed methods studies. - Real-world practice oriented

(Creswell, 2003: 6-12)

6.2.1.1. Knowledge claim position: Social Constructionism

Constructionism holds that “all knowledge, and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context” (Crotty, 1998: 42). When such *meaningful reality* is collectively rather than individually constructed by social actors, this is to *social constructionism*. The latter considers “the social origin of meaning and the social character with which it is inevitably stamped” (Crotty, 1998:52). This position seeks *deep understanding* of the issue of inquiry based on the experiences and perceptions of social actors. This process is developed in interaction with the *cultural and historical* stances surrounding social actors. These are key features that differentiate social constructionism from other claims in Table 6.1 and that largely suit our purposes as social constructionism would support an in-depth investigation of collective perceptions of institutional actors of VET and key institutional relationships while incorporating a historical dimension to the problem.

Since reality is socially *constructed*, the theoretical perspective to social constructionism cannot be positivism. Nevertheless, at the same time social constructionism recognises external reality upon which social actors construct their own understanding and interpretations of reality. In other words, reality in social constructionism is not created from scratch but rather constructed based on some observations (Crotty, 1998; Reed, 1997; Blaikie, 2007). Hence, this theoretical orientation does not fully abide to interpretivism either. Instead, it shares concepts with both theoretical perspectives; positivism and interpretivism, forming a distinct theoretical perspective; *critical realism*. Critical realism aims at interpreting reality “by upholding both the reality of the world outside the mind and the social character of our thoughts about it, and by overcoming the chasm between world and mind without collapsing them together” (Nelhaus, 2006:81). A core concept to critical

realism is the idea of a transformation in the behaviour of individuals based on the surrounding social structures (Bhaskar, 1979). There is a clear relationship between social structures and human agency (Pratten, 1993; Reed, 1997). Nevertheless, it is important to note that human agents' behaviour is not entirely determined by these social structures on the contrary humans interact with these structures and respond in ways that suit their situation (Bhaskar, 1989; Reed, 1997; Blaikie, 2007).

Critical realism is used as key institutional actors are expected to interact with surrounding institutional structures according to (i) certain realities, such as the character of the state; and (ii) their perceptions of reality, such as perceived authority relations that dictate means of dealing with state officials. For example, in the Egyptian case, the autocratic state and paternal relations would shape the means in which workers and employers perceive and respond to cooperation with the state in VET.

6.2.2. Strategies of Inquiry

The choice of strategies of inquiry is informed with the identified knowledge claims. For instance, a study based on positivist claims to knowledge would use experimental design as its research strategy and collect data using surveys (Creswell, 2003). The groupings of knowledge claims, strategies of inquiry and methods need to be verified against (i) research aims; and (ii) the use of theory.

As indicated earlier, this research aims at exploring the influence of the Egyptian institutional environment on VET and the perceptions of key social actors of the system and key institutional structures supporting it. Hence, the main purpose of

research strategy and design is to allow for an in-depth understanding of the issue of investigation from a critical realist perspective. This excludes survey design from our consideration as (i) it aims at providing *breadth* rather than *depth* to the analysis (Mabry, 2008); and (ii) themes and concepts still need to be constructed in the first place as there is little research on this topic in Egypt (Denzin and Lincoln, 2005; Mabry, 2008). Therefore, the choice is limited to *qualitative strategies*. Some of these do not meet research aims such as experimentation as the aim is not to test certain hypothesis but rather to explore concepts (Bryman and Bell, 2007; Saunders *et al.*, 2009). Also, action research cannot be used as the researcher is not involved with participants in a process of change. Ethnography allows for deep investigation; nevertheless, it cannot be considered due to time limitations which would not allow for ethnographical investigation over an extended period of time (Marshall and Rossman, 1999; Creswell, 2003; Bryman and Bell, 2007; Saunders *et al.*, 2009). The in-depth investigation can also be obtained through *grounded theory* and *case study* strategies. The second criterion, the use of theory through a deductive or inductive approach, is used to choose between these.

Inductive research aims at “drawing generalizable inferences out of observations” (Bryman, 2001:10) whereas with a deductive approach “the researcher, on the basis of what is known about in a particular domain and of theoretical considerations in relation to that domain, deduces a hypothesis (or hypotheses) that must then be subjected to empirical scrutiny” (Bryman, 2001:8). For our purposes, a mixture of both strategies is used (Bryman, 2001; Creswell, 2003; Bryman and Bell, 2007; Saunders *et al.*, 2009). The study is informed by, but not based on, institutional theory as it critically deploys concepts from Whitley’s national business systems approach, the institutional framework, while leaving out other irrelevant features and/or concepts, such as the eight characteristics of business systems. Then, new themes and concepts from the Egyptian case are developed and finally suggested for

integration with Whitley's institutional framework. This inductive/deductive mixture cannot be realised through grounded theory which relies on an inductive approach but it can be accommodated by the case study strategy (Charmaz, 2005). Hence, the latter is selected as the research strategy.

6.2.2.1. Case Study Strategy

Case study strategy is defined by Eisenhardt as “a research strategy which focuses on understanding the dynamics present within single settings” (Eisenhardt, 1989:534) and this involves the “development of detailed, intensive knowledge about a single “case”, or a small number of related “cases”” (Robson, 1993:40). Creswell (2009:13) puts it differently, stating that “case studies are a strategy of inquiry in which the researcher explores in depth a program, event, activity, process, or one or more individuals”. The main element of this strategy or “the *raison d'être* of case study is deep understanding (emphasis added) of particular instances of phenomena” (Mabry, 2008:214). Such deep understanding is offered through “a process of inquiry about the case and the product of that inquiry” (Stake, 2005:444) based on a conceptual structure that address a limited number of research questions (Stake, 2005). These are explored in light of the particularities of the case, such as its context, operations and activities of key actors. Researcher's interaction, understanding, description and reflection on these particularities help shape the analysis of the case (Silverman, 2001; Stake, 2005). In this process, the ability to “generalise statistically from one or a small number of cases to the population as a whole” (Stark and Torrance, 2005:33) is lost. Nevertheless, this is not a limitation in our case, which supports the *depth* rather than *breadth* of results.

In the Egyptian case, an in-depth understanding of institutional influences on VET and its development is to be gained by addressing the three research questions. These

involve exploring, integrating and reflecting on the various perceptions of key institutional actors of (i) VET problem; (ii) key institutional relationships influencing VET; and (iii) the ILO SDP. The integration of respondent groups and of methods of data collection, as shown later, is two types of *triangulation*. The latter refers to the “process of using multiple perceptions to clarify meaning, verifying the repeatability of an observation or interpretation... (or) identifying different ways the case is being seen” (Stake, 2005:454). Triangulation aims at enhancing the validity and reliability of research of case study research which is one of the strategies most prone to bias (Stoecker, 1991). These concepts are relatively straightforward for quantitative research based on positivist perspectives. A number of parallel terms have been suggested for the assessment of the quality of qualitative research as in Table 6.5.

6.2.2.2. *Validity and Reliability*

In quantitative research, reliability depends on the extent to which the research succeeds in offering consistent explanations for the problem in hand (Stenbacka, 2001). The validity of quantitative research (internal and external validity) refers to the extent to which the research offers truthful explanations that can be generalised to the larger population. These concepts are differently verified in the case of qualitative research. In qualitative research, the quality of the research depends on the extent to which the study offers an understanding of the problem (Stenbacka, 2001; Golafshani, 2003). In this case, the reliability of the research is argued to be interpreted in terms of the research’s dependability whereas the internal and external validity of research refer to its credibility and transferability simultaneously (Lincoln and Guba, 1985; Bryman and Bell, 2003; Yanow and Schwartz-Shea, 2006). Criteria, in other words, that ensures the trustworthiness and authenticity of the conducted research. Some corresponding terms are sometimes used, as suggested by Miles and Huberman (1994) in Table 6.2.

Table 6.2: Interpretative Approached to Evaluative Criteria: The Classic Texts

Criterion	Terms used in methodological positivism	Lincoln and Guba (1985): Parallel terms	Miles and Huberman (1994): Parallel and <i>new terms</i>
Truth Value	Internal Validity	Credibility	Internal validity/credibility/ <i>authenticity</i>
Applicability	External validity/ generalisability	Transferability	External validity/ transferability/ <i>fittingness</i>
Consistency	Reliability	Dependability	Reliability/ dependability/ auditability
Neutrality	Objectivity	Confirmability	Objectivity/ confirmability/ <i>utilization/ application/ action</i>

(Yanow and Schwartz-Shea, 2006: 94)

In this study, the researcher exerted every effort to ensure the study is based on best practice in every stage of the fieldwork. Data collection was well planned before undertaking the fieldwork. For instance, before each interview the research would revise the points to be covered in the interview, she would undertake a brief research on the person she is interviewing in case he/she has any publications, interviews in the newspapers and any material which can enhance the quality of the interview and the information acquired. All the interviews were tape recorded and notes were taken throughout the interviews whenever necessary, for example to describe the setting, or to record the body language of respondents at different points throughout the interview. The researcher would also confirm her understanding of the responses of interviewees throughout the interview to avoid any misunderstanding. Nevertheless a variety of challenges have faced the researcher throughout the study. For instance,

the researcher was not able to approach employers and workers independently on the enterprise level as she was intending. For this purpose, the researcher was aware of the high likeliness of interviewee bias. She tried to counteract this with the use of a life history approach where respondents; workers, would have a chance to talk non-restrictively about their experiences with VET. She then deduced the information needed from their responses.

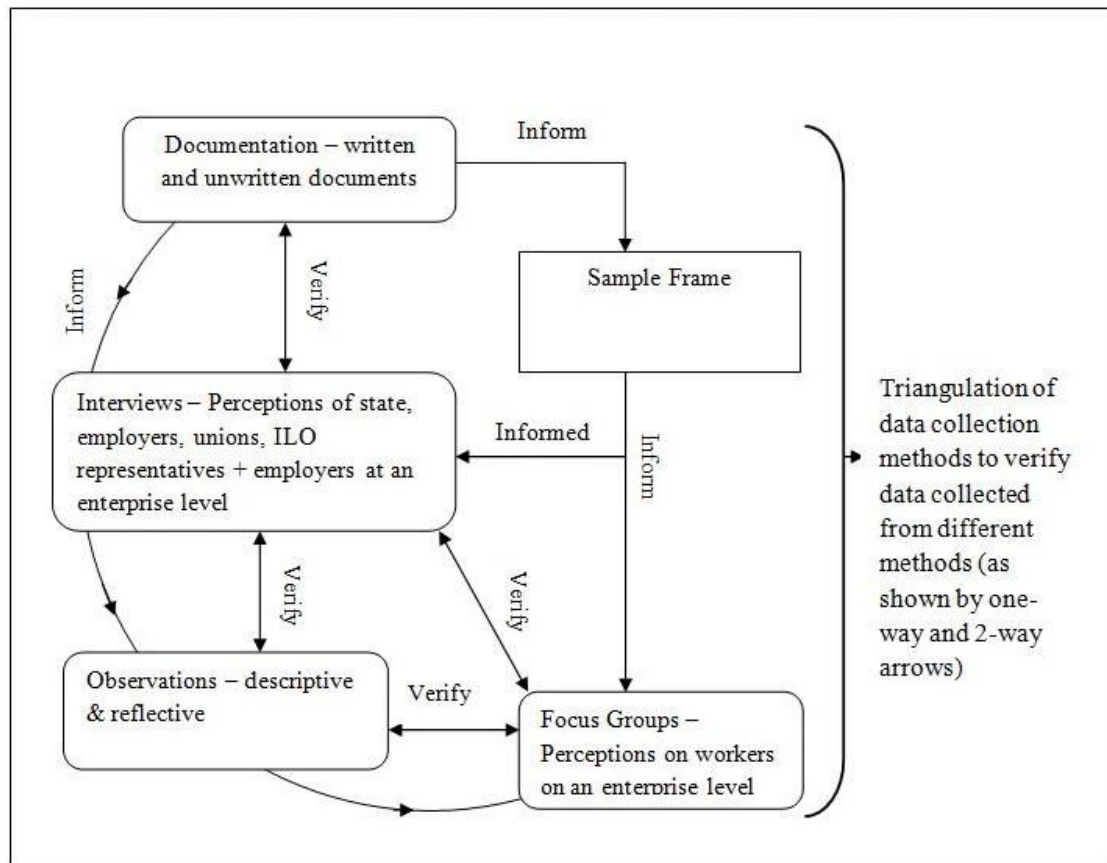
6.2.2.3. Back Translation

The researcher attempted to ensure high quality of translation. For this purpose the transcribed interviews were translated and then back translated to ensure the meaning has not been altered. Some Arabic sentences, such as proverbs and idioms, did not make sense when literally translated into English. In these cases, the researcher provides a footnote explaining the meaning and impact of such proverbs and/or idioms as perceived in the Egyptian context.

6.2.2.4. Triangulation

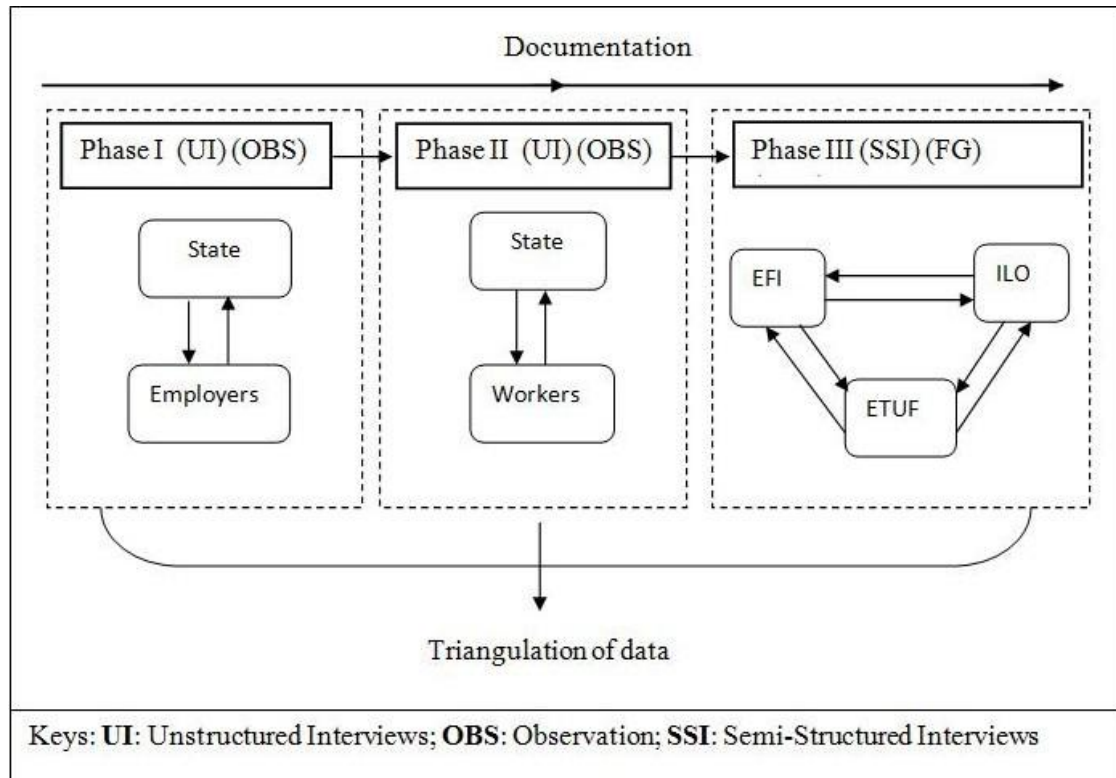
Triangulation of (i) *data collection methods*; and (ii) *respondents* was used as a means of enhancing research dependability “by counteracting or maximizing the heterogeneity of irrelevant sources of variance attributable especially to inherent method bias but also to inquirer bias, bias of substantive theory, biases of inquiry context” (Greene *et al.*, 1989:259). Triangulation of *data collection methods* enables the researcher to verify the data collected by one method against that collected by another, as shown in Figure 6.2.

Figure 6.2: Triangulation of data collection methods



Triangulation by *sources of data* “involves collecting data from different persons or entities. Checking the degree to which each source confirms, elaborates, and disconfirms information from other sources honours case complexity and the perspectives among participants and helps ascertain the accuracy of each datum” (Mabry, 2008: 222). This enabled the researcher to match and verify the responses of respondents within the same group and across groups (as shown in Figure 6.3); a process which has been undertaken throughout the data collection process (Lincoln and Guba, 1985). The cross-matched responses are also expected to enrich the data analysis and offer more insight into the data provided by each of the sampled groups.

Figure 6.3: Triangulation by sources of data

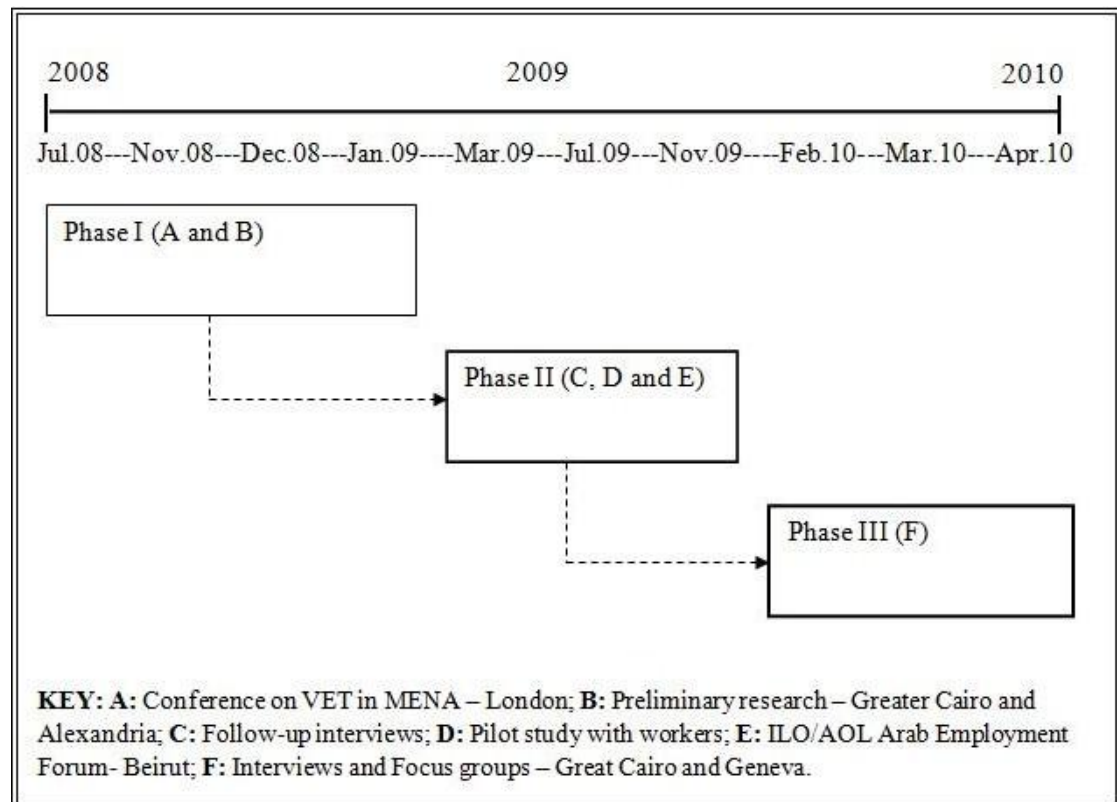


6.2.3. Methods

The research takes a *deep slice* (Daft, 1983) into the various institutional actors on a national and enterprise levels and collects *qualitative data* from the field in three phases (Figure 6.4). The methods selected for data collection across the three stages were documentation, interviews, focus groups and observations. The rationale for selecting each method and the ways in which these serve research purposes are discussed in two parts. Part (A) discusses *documentation* being the first data collection method used in the research process. Then, it illustrates the *sample frame* developed mainly based on data collected from documentation and it illustrates the *ideal* and *practiced* sampling plans. Part (B) starts with *observations* of the settings and target groups' behavioural and non-verbal cues which would enhance reflection on interviews and focus groups. This is followed by a discussion of the 60

unstructured and semi-structured *interviews*. Finally, the two *focus groups* undertaken as part of Phase (III) are illustrated.

Figure 6.4: Three Phases of data collection (July 2008- April 2010)



Part (A): Documentation and Sample Frame

6.2.3.1. Documentation

Documentation or archival research provides “a rich set of data that can be used by further investigators to examine empirical questions about populations that may not be anticipated when information is first collected” (Fisher and Anushko, 2008:100). This includes both written and non-written documents. It retains the advantage of

saving on time and costs, which tend to be scarce. However, it has a number of constraints: (i) the problem of gaining access; this was the case with some state documents in this research; (ii) some material is costly to access; and (iii) the initial purpose for which the documents were prepared could be different which can make it time-consuming to obtain relevant data (Creswell, 2009; Saunders *et al.*, 2009). Yet, documentation is also useful: (i) as a source of comparative data analysis, especially on an international level; (ii) it is a practical means of gathering, comparing and re-analysing data from different sources, leading to insightful conclusions; this was the case in this research as documents of different parties were accessed; and (iii) it offers data that is useful for historical analysis which is an integral part of this study (Creswell, 2003; 2009; Saunders *et al.*, 2009).

A number of written and non-written documents were used. The latter included presentations on VET and related issues by and/or to donor agencies. The former included unpublished government reports⁵², MoE memos of meetings with international organisations, summaries of action plans for certain VET projects by MoE, publications on VET by the ITC and international organisations, such as the World Bank and European Training Foundation, historical VET documents through ILO archives, conference minutes (the ones attended), administrative records which helped in gaining access to interviewees⁵³, research papers (both published and unpublished) and newspaper articles⁵⁴.

⁵² Some of these were published around 6 months later. MoMM denied the researcher of any access to any state documents as explained in section 6.2.3.3.

⁵³ As this informed the researcher of individuals involved in different projects and she accessed them accordingly.

⁵⁴ See for e.g. Ellis, 1955; ILO, 1957a; 1957b; Al-Arabi, 1961; AED, 2008; ILO, 2008; MoE, 2008; ILO SRO- Cairo, 2008a; ITC, 2008; Badran, 2009; ILO, 2009; ILO, 2010a; ETUF, 2009; Sayed, 2009.

Documentation was used throughout the research process but was particularly important in the early stages of the data collection process for two specific reasons. First, it was used to provide background information on the policy problem of VET and its development in terms of (i) the main issues and challenges faced since the 1950s with a focus on the past two decades; (ii) major development initiatives available in the field; and (iii) the key national and international entities involved. These provided an orienting framework upon which Phases (I) and (II) were based and that helped direct further investigation in Phase (III). Second, it was used as a reference for experts and professionals in key bodies and associations who would be approached to participate in the study. A list of potential respondents was compiled as explained in the sampling frame (see Appendix A). Some of these candidates agreed to participate in the study and data was collected through a mixture of interviews and focus groups.

6.2.3.2. Sampling Frame

The sample frame offers a description of who *ideally* should be included in the sample and why they are included. Some compromises have to be made between the ideal sample frame and practical conditions and limitations in the field, such as access problems and resource limitations. It is important that the frame be comprehensive. It should include all of the target population without under- or over-coverage (Reimer, 2002). The former can result in some important opinions, dimensions and perceptions being lost, which distorts the results. The latter can result in irrelevant perceptions being included and/or inefficient and time-consuming processes of data collection that will not necessarily add value (Reimer, 2002).

It is also important to ensure as much as possible that the information included in the frame about potential respondents, such as telephone numbers and email addresses,

are up-to-date. Also, denial of access to these respondents for various reasons, for instance if they are not willing to take part in the study or they are not available at the time of the research, has to be taken into account in terms of the number and nature of respondents in the frame. In other words, the frame should be big enough to accommodate these dropouts and still meet the research objectives.

i. Sample Frame Design

The following is a representation of the sampling frames of the state, employers, workers and ILO representatives. For ethical issues and confidentiality reasons, the names and emails of representatives are not included in the sampling frame as some of them have actually participated in the study (see Appendix A).

a. The ILO

Purposive sampling is used to select officials in the five units that make up *Social Dialogue* located in both Geneva HQ and the ILO Sub-Regional Office for North Africa (SRO) in Cairo (see Appendix B). These include

1. Industrial and Employment Relations Department (DIALOGUE)
2. Labour administration and Inspection (LAB/ADMIN)
3. Bureau for workers' activities (ACTRAV)
4. Bureau for employers' activities (ACT/EMP)
5. Sectoral activities department (SECTOR). SECTOR activities in Egypt include (i) Hotels, catering and tourism; and (ii) Textiles, clothing and footwear⁵⁵.

⁵⁵ SECTOR works in conjunction with Dialogue and these, according to the researcher's best knowledge, are the only active sectoral activities in Egypt at the time of the research.

Finally, one department not directly related to the social dialogue programme is included in the study; the Skills and Employability department (EMP/SKILLS). The perception of experts in this department would offer useful insights on VET and its relationship to social dialogue in general and particularly in Egypt.

b. The Egyptian Federation of Industries (EFI)

The Egyptian Federation of Industries is used to represent employers in this study, for a number of reasons. First, EFI is the largest and most organised association of employers in Egypt. Second, the EFI represents Egypt in the International Organisation of Employers (IOE). Third, it represents Egypt in the ILO's Bureau of Employers (and its EFT representative in a regular member/representative of employers in the International Labour Conference from 2008-2011). The last two features distinguish the EFI from the second major employers' association; the Federation of Egyptian Chambers of Commerce (FECC) which represents employers dealing in commercial activities on a sectoral level. Other employers' organisations are regional ones of limited membership base.

Ideally, a multi- stage sampling method would be used to sample *employers*. First, *cluster sampling* would be used to divide Egyptian industries by sector. Second, lists of employers' representatives would be obtained from the EFI and a *random sample* would be selected. The second stage of sampling was not feasible in practice and hence purposive sampling was used to access employers' representatives in different sectors, particularly those on which state VET development projects are focused⁵⁶.

⁵⁶ Food and beverages, wood and furniture, textiles, tourism and construction.

1. What is meant by employers?

According to ILO's key indicators of the labour market, employers 'are those workers who, working on their own account or with one or a few partners, hold the type of job defined as a "self-employed job" [i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced...], and in this capacity...have engaged one or more persons to work for them in their business as..."employers"...' (ILO, 2002:116). There is an implicit assumption in this definition that owners are managers, which can be true in small enterprises but in larger organisations argues for a distinction between principal and agent or owners and managers (Berle and Means 1932; Pratt and Zeckhauser 1985).

In this study, employers refer to organisations' representatives in the EFI may or may not be owners of the organisations (depending on the size of the enterprise and their share in it). Organisations' representatives have a significant criterion necessary for engagement in projects as significant as the social dialogue; their influential role in decision-making within the organisation. In other words, they have the keys to the establishment of the project within their enterprises and therefore their perceptions and viewpoints are crucial at this level of analysis.

2. Levels of representation

There are three levels of representation at the EFI; (i) an enterprise level which includes all EFI members; (ii) a sectoral level, including the executive board of each chamber; (iii) a national level which include the EFI boards of executives⁵⁷. We are focusing on the national level of representation and hence on chairmen and managing

⁵⁷ The board of executives is partially elected; chamber members elect ten representatives and a chairman. The latter then appoints 5 other members.

directors in each of the sixteen chambers of the EFI as listed in Table 2 (see Appendix A). Nevertheless, in order to stick to the *deep slice* approach indicated earlier, I use two enterprises in the tourism and construction sectors to verify the responses obtained at national level representation. These sectors are chosen (i) because of their importance to GDP growth (see Chapter 2); and (ii) because the ILO focuses on these in the short- to medium-terms. In these two cases, employers are represented by the chairman and the managing director, who directly influence decision-making within the enterprise, and the Human Resources (HR) manager, who is in immediate contact with workers and directly involved in labour affairs within the organisation. But s/he is also a member of the management team and culturally very separate from workers.

c. The Egyptian Trade Union Federation (ETUF)

The same multi- stage sampling method would ideally have been used to sample workers through (i) *cluster sampling* to divide industries by sector; and (ii) *random sample* to select a list of ETUF representatives. Again, the second sampling stage was not feasible in practice and hence purposive sampling was used instead to access workers' representatives in different sectors particularly those on which state VET development projects are focused.

The Egyptian Trade Union Federation represents workers in the ILO, and therefore in this study as well, despite the controversy surrounding its representativeness as discussed before. The perceptions of workers' representatives, *id est*. unions' chairmen and/or vice-chairmen, in different unions are explored in different sectors (see Appendix B). These perceptions *only* represent the formal sector.

Perceptions of workers on an enterprise level are explored in tourism and construction sectors. The purpose of this selection is twofold; (i) to explore bilateral employer-workers relationship on an enterprise level; and (ii) to verify the responses of the board of directors of the ETUF. Workers are approached through their co-workers using convenience sampling to identify those enterprises where the researcher can have access to managers and to workers independently. In this case, workers will not be nominated by their managers and thus the chances of avoiding responses biased by managerial influence will be higher.

d. The State

The state (as discussed in chapter 5) includes everything under the umbrella of the Egyptian government. Senior representatives in key Ministries and public bodies were approached. These include MoE, MoHR, MoTI and TOHOMAR and ITC. More emphasis is placed on the MoMM as it is the ILO's first and major point of contact with the Egyptian state and hence the most relevant body for exploring the ILO SDP and its influence on VET.

Four central departments report directly to the Minister of Manpower and Migration: (1) Central unit for the office of the Minister; (2) Central unit for information, documentation and decision support; (3) Central unit for foreign affairs; and (4) Central unit for administrative development. Each of these is responsible for a number of other subunits and subsections down the organizational hierarchy (MoMM, 2010). There are two other units at the same organizational level, working closely with the Minister: (1) Consultants; (2) Boards and committees. However, information can only be obtained from the first level officials; the Minister and then from the second level officials; representatives of these departments. As they are the ones in a

position to speak on behalf of these departments, officials in lower levels in the hierarchy are not allowed to freely share information with the public.

The MoMM sample should ideally include officials and experts directly involved in the ILO social dialogue project. Lists of these officials and their contacts are not publicly available but representatives of the relevant units were to be approached independently. Unfortunately, even personal contacts did not guarantee access to MoMM officials, as explained later, which resulted in dropping MoMM perceptions.

The lists of respondents compiled in the sampling frame were then approached for interviews and focus groups. It was not possible to access all intended respondents. The process and challenges faced throughout the three phases of data collection are discussed below.

Part (B) Observation, Interviews and Focus Groups

6.2.3.2. Observation

When combined with other research methods, observation can be used to verify the reliability of the data collected through other means, such as interviews (Bryman and Bell, 2007; Creswell, 2009). This is one of the techniques that enable the researcher to gain deep insights into the respondents, their responses and in the means by which the overall context influences these responses, all of which could enrich the research (Travers, 2001). Nevertheless, observation is largely prone to researcher's bias, – a factor not conditional to this method only - and largely dependent on the researcher's experiences and perceptions. Thus, observation – especially participant observation - needs to be carefully used and considered together with other methods and the longer

the period of time for observation, the better the results would be (Bryman and Bell, 2007; Denzin and Lincoln, 2005). .

It was not possible to undertake observation together with interviews and focus groups over extended periods in Phase (III) due to access issues and time limitations, yet, the study was ethnographically informed. In that sense I adopt, though to a limited extent, *unstructured observation*. This technique, as suggested by Jones and Somekh (2005), involves taking detailed notes of the surrounding but, unlike in the case of *structured observation*, these occur without a previously prepared schedule and, unlike in the case of *participant observation*, do not include active participation of the observer (Jones and Somekh, 2005).

This technique was used to gain better insights into the different contexts where her respondents are based; the ETUF, EFI and ILO – which have been visited frequently over the research period. Descriptive and demographic notes were taken throughout fieldwork (Creswell, 2003.) These indicated issues such as differences in settings, working environment, professionalism, tendencies in behaviour across groups and others as discussed below.

i. Setting

Across *the State* and public bodies visited, the researcher noticed discrepancies in the general atmosphere; these were most notable between the ITC and the MoE. The ITC is in a modern building overlooking the Nile, with a refurbished and open-style office atypical of public bodies. The office was full of professional looking young employees, both males and females, and one can hear the English language being used frequently amongst them; an indication of their relatively high level of

education. The official interviewer used many English terms throughout the interview which is, again, atypical of state officials in Egypt most of whom barely speak foreign languages (unless their jobs require them to). In contrast, the MoE is in the old government complex; *Mugamma* in the busy square of Al Tahrir, Downtown Cairo. The famous government complex was offered as a *gift* from the USSR in the 1960s and is typical of any Soviet building of the time. It was once described as “a concrete hymn to the concrete and harassing bureaucracy of Nasser-style socialism” as stated by Andre’ Raymond (cited in Beattie, 2005: 198), a description which is still accurate. The disorganisation of the place is obvious from the entrance of the fourteen-floors building, which tends to be busy with thousands of visitors everyday (Beattie, 2005; Meyer, 2007). The official’s secretariat office is simple; a couple of desks, some old furniture and a few facilities, such as a telephone, though not necessarily a computer.

On one level, the huge discrepancy between the atmosphere and working conditions of the ITC and the MoE reflect Egypt’s shift in external policy from the East; the USSR in the 1950s/60s, to the West; the USA since the 1970s. Yet on another level, these differences do not extend to the working style. In other words, an ineffective bureaucracy still persists in both organisations though to a lesser extent in the ITC than in the MoE, as deduced from the officials’ responses in the interviews.

The ETUF is a large old building in downtown Cairo on the borders of a less privileged neighbourhood. The offices of the representatives are quite simple, with a few facilities, such as a telephone and may be an air conditioner and old furniture. These were completely different from the senior representative’s office: a large exceptionally refurbished office with a separate space for meetings, a bathroom, fridge, and computer. The whole floor in which his office is located is completely

different from the rest of the building as if one is in a different place; an elaboration of hierarchical differences and authority relations in Egyptian organisations.

The EFI headquarters was visited for a couple of interviews as most respondents invited the researcher to their offices in different companies and factories across Greater Cairo. The EFI owns a number of floors in a large building overlooking the Nile, just above the Ministry of Investment. It is not usual for a government complex to be the headquarters of an independent employers' association. Being located above the Ministry of Investment makes a statement about the relationship between the state and the EFI in Egypt⁵⁸. The difference between the EFI and ETUF is an obvious and quite expected one and a clear indication of the superior power of employers in labour relations. Finally, unlike the state officials, employers' representatives were punctual and their secretariats were professional and hence there were not intrusive questions asked to the researcher.

The ILO-SRO in Cairo is a refurbished, relatively small three-floor villa in a very affluent neighbourhood; *Zamalek*, surrounded by foreign embassies and consulates and intense security. The researcher spontaneously compared SRO with the World Bank office in Cairo in Nile City Towers; in a massive modern and luxurious building on the Corniche (one of the most important main roads in Greater Cairo), overlooking the Nile. Such a simple comparison implies the relative weight and power of each organisation in influencing development policies in Egypt, as perceived by the researcher.

⁵⁸ A point raised in Kassem (2002) as well.

ii. Professionalism

As a young female researcher, I found it easier to communicate with employers and ILO representatives. Across public bodies, the ITC atmosphere was more appealing and comfortable as the staff seemed to be used to having young female professionals and offered their assistance in Arabic and English (though it is obvious that the researcher is Egyptian). This had not been the case with other bodies, such as MoE, MoMM and MoHR, where the staff there dealt with her as atypical case. This was the case with ETUF secretariat and staff as well. They would immediately start a conversation with the researcher. They would begin with general questions, such as what do you do, and then they start asking personal questions, such as if the researcher is living with her family in London and whether she is living with a husband there (as it is not traditional for females to live away from their family place if they are not married). The researcher had always found this completely unprofessional but she realised by answering these questions, though she was keen not to go into details, people started to be friendlier and were willing to offer more assistance. For instance, some of them provided her with some useful documents and asked her to treat these as confidential. In another instance, the staff explained in details the whole VET process as undertaken by this body in reality which highlighted some aspects that the researcher would not have known otherwise. Also, in some instances the researcher was invited to have a look at the operations of the unit(s) and being friendly with the staff was useful in obtaining detailed explanations of how the different things work.

iii. Punctuality

When interviewing state representatives, there were no guarantees or signs of when the researcher would meet the official, despite the former having scheduled an appointment beforehand; she frequently had to wait at least for fifteen minutes, sometimes three hours. This did not happen though when meeting the ITC official

who was punctual on the three occasions she met with him. The longest waiting period was in the Ministry of Housing and Reconstruction and throughout the three hours, the official's secretariat assured the researcher she would soon be seen. Even after the three hours the researcher was not able to see this official who then left his office for an *urgent* meeting elsewhere. The researcher had to re-schedule the meeting and started to look for another official of the same position and expertise as a backup in case she did not manage to see this official, which had happened. There is a popular notion in Egypt that the longer one spends waiting to see a person, the more prestigious this person shall be. This always did not make sense to the researcher but was proven true by this inconvenient experience.

The situation was better at the ETUF. The researcher did not wait more than twenty minutes to be seen. Employers' representatives were punctual and keen to stick to the timing of the interview. ILO officials were also punctual, notwithstanding one interview where the researcher had to wait for two hours to be seen. This was a disappointment and not expected in such a highly professional environment and due to time limitations, the researcher had to follow-up with the respondent in Geneva.

iv. Non-verbal language

Notes of non-verbal communication were taken throughout the interviews and focus groups. These were taken into consideration when analysing data as shown in the next chapter. Non-verbal communication is very powerful in altering the meaning of responses and hence could not have been disregarded.

Those observations offered useful insights into the differences in the weights and levels of professionalism of institutional actors, all of which informed the data analysis process.

6.2.3.3. Interviews

As Fontana and Frey put it, interviews are “not neutral tools of data gathering but rather active interactions between two (or more) people leading to negotiated, contextually based results” (2005: 698). These interactions offer the researcher the opportunity to obtain insights into respondents’ perceptions, thoughts and feelings. More insights could be offered through *face-to-face interviews* through non-verbal communication as compared to for example surveys, telephone interviews or online interviewing (Bryman and Bell, 2007; Fontana and Frey, 2005). Nevertheless, this also entails interviewer and interviewee bias which I tried to minimise as illustrated in section 2.2.3 (Creswell, 2003; Saunders *et al.*, 2009).

Throughout the research process, a mixture of 60 structured and unstructured face-to-face⁵⁹ interviews were undertaken. All interviews were audio-recorded, translated into English, transcribed and analysed using NVivo (as shown in the next chapter). Interviews lasted for 50 minutes on average (only four interviews lasted for around 90 minutes and only one was for almost 2 hours⁶⁰). Notes of the interviews were taken as well (i) as a safety net in case the recorder failed; and (ii) as *descriptive* and *reflective* notes (Creswell, 2003:189) as discussed later under observations.

⁵⁹ except for one telephone interview with an ILO representative

⁶⁰ This was with a senior ETUF representative.

i. Unstructured interviews

Unstructured interviews were used in the preliminary stages of the research. Despite the risk of obtaining too much and/or irrelevant data by using a method that could be misleading, unstructured interviews allow the researcher to deeply explore the area of interest (Creswell, 2009; Saunders *et al.*, 2009). This was appropriate for the early stages of the research (Phases I and II) and helped in funnelling down the research topic later on.

In Phase (I) the researcher participated in a conference organised by the Middle East Association⁶¹ and partners⁶² on Employment and Skill Formation in MENA in July 2008 in London. This was important in establishing contacts with MoTI/ITC representatives and practitioners in the field. This was followed by participation in another conference, in November 2008 in Cairo, on VET and its development in Egypt. More contacts with state representatives from MoE, MoHR, and TOHMAR were established and these were reinforced with personal connections and representatives were interviewed later in Phase (I). I also had the chance to meet with employers' representatives from BEBA and ABA and was able to secure two interviews as a result. They offered insights into employers' perceptions of the problem and its impact on the quality of their workforce and subsequently on their production; important information at this stage of the study. They also referred the researcher to other EFI employers' representatives. This was helpful especially since, unlike with state and workers' representatives, the researcher did not meet Egyptian employers' representatives in the ILO/AOL Arab Employment Forum though she attended all of the sessions and the employers' meeting on the last day.

⁶¹ MEA is a London-based non-for-profit association for encouraging mutual trade relations between the UK and the Middle East and North Africa.

⁶² Such as UK Trade and Investment department.

A total of nine interviews were undertaken with state and employers' representatives (see Appendix B for list of respondents in each Phase); and (ii) a field visit to the newly established TVET reform programme was taken. These interviews took place in Greater Cairo and Alexandria. At this early stage, the role of workers' representatives was not yet clear and hence I met one senior trainer in TOHOMAR. He provided insights into the problem from workers' perspective and I realised the importance of exploring more deeply the perceptions of workers' representatives which was undertaken in Phases (II) and (III).

All of the officials were helpful and provided the researcher with published and unpublished documents that were helpful in gaining insights into their role in VET and the means by which VET development is being approached by different bodies. All of them expressed their interest in research on VET and on the relative scarcity of research on the topic despite its growing importance. Nevertheless, they were seldom critical of current VET policies by the state. The relative lack of objectivity the researcher perceived in the officials' responses is not unusual, especially in developing countries, and all of the officials interviewed throughout the study showed high levels of subjectivity in their responses. As a result, the researcher had to ask many intertwined questions to arrive at one answer as she realised that she could not obtain direct and clear answers to direct questions. For instance, if asking about the role of unions as perceived by the state, she asked about different incidents the Ministry or public body had been involved with workers and how they reacted in each, then compared their perceptions of the entities' reactions to workers in each instance, then compared it to the current situation. In some other instances, the researcher relied on documents or newspaper articles and asked for clarification on these matters. However, whenever the officials did not want to comment on one issue, they either keep on repeating themselves or simply made it clear they are unwilling to discuss this point further. Some of them asked the researcher to switch

off the recorder for them to clarify on a certain matter and request this be “off the record”.

In Phase (II) I went back to the field to (i) follow-up with state representatives; (ii) to investigate the role of NGOs; a role argued to be important by employers’ representatives interviewed in Phase (I). These took place in March 2009 in Great Cairo. Later in July, three pilot interviews were undertaken with workers’ representatives who were accessed through a workshop organised by London-based researchers on recent labour issues in Egypt. Three independent⁶³ workers’ representatives were interviewed and these acted as part of a pilot to the fieldwork undertaken in Phase (III).

ii. Pilot Study

The pilot study was useful as it highlighted some important aspects for the researcher when dealing with workers. One important issue was the different understanding of some main concepts and terms. For instance, when asked about VET, workers gave completely irrelevant answers, mainly because they have not received any formal training throughout their working life and could not easily relate to the concept of VET as a means to improve one’s skills levels. This was already very revealing. Another example is the term “social dialogue” of which workers held different understandings. Hence, the researcher realised the need to explain as clearly as possible the meaning of important terms and to revise responses to questions with workers whenever necessary, to avoid misunderstandings.

⁶³ Who used to be members of the ETUF but they quit. One of them is a senior member of the independent union of tax collectors.

It was also noticed that Egyptian workers appreciate any attention to their “cases” which they do not seem to usually get from their employers and/or the state. They are willing to offer as much information as possible as long as the researcher shows sufficient interest and *compassion* with their conditions and of course as long as they are sure she is an independent researcher; not in any direct contact with their employers. They are however not likely to openly criticise the state. They tend to be talkative and are likely to go off point at times so it is important to be alert whenever this occurs. Also, they tend to exaggerate their role in the organisation and the events and/or tasks they are part of; thus, it is important to ask the same question in more than one form to enhance the validity and reliability of answers. For these reasons, the researcher decided to undertake semi-structured interviews with workers while relying on a life-history approach. In that sense, workers will be able to talk freely about their experiences while ensuring the conversation is kept within the boundaries of the questions of investigation.

A similar pilot study was not possible to undertake with employers mainly due to access issues. Nevertheless, the interviews undertaken in Phase (I) were useful in signalling some issues that I took into account when interviewing employers in Phase (III). These include (i) they are likely to offer diplomatic answers when commenting on the role of the state and hence more probing is necessary; (ii) their time is limited and hence precision in questions is required to be able to cover all required aspects; (iii) to ensure a shared understanding of basic concepts such as VET; and (iv) personal connections are important in establishing a minimum level of trust so it is better to look for trustworthy referrals (which is not always possible but would give an edge).

Later in November 2009, I participated in the ILO/AOL Arab Employment Forum in Beirut as an independent observer. This was an important opportunity to (i) observe state-employer-union relations under the ILO umbrella; (ii) develop contacts with ILO, state and workers' representatives some of whom agreed to participate in the study (I did not meet any Egyptian employers in the forum); and (iii) undertake *informal conversations*⁶⁴ with state and workers' representatives.

iii. Semi-structured Interviews

In Phase (III) semi-structured interviews were used as these offer some *structure* to the interview to ensure addressing the areas/questions of concern while maintaining a degree of flexibility in the conversation to gain deep insights into the perceptions and thoughts of respondents (Guba and Lincoln, 2005). Also, this *structure* offers an opportunity to compare and contrast interviews' results, especially when multiple respondent groups are involved, which is not possible with unstructured interviews (Creswell, 2003; 2009; Saunders *et al.*, 2009). The questions focused on respondents' perceptions of (i) VET as provided by the state, employers and unions; (ii) the effectiveness of each party's VET contributions; (iii) state-employer-union relationships and VET cooperation; (iv) ILO and the effectiveness of its activities; and finally (v) ILO SDP and its influence of VET. Related issues were then explored throughout the interviews (see Appendix C for list of codes of relevant issues). A total of (i) 15 interviews were undertaken with employers' and workers' representatives in Greater Cairo (only one interview with MoMM representative and another with MoE in Phase (III)); (ii) 15 interviews with ILO representatives in Cairo and Geneva⁶⁵; (ii) 3 interviews with employers on an enterprise level.

⁶⁴ These were not recoded but notes were taken.

⁶⁵ Including follow-ups (see Appendix A).

a. State interviews

MoMM was the targeted entity for state perceptions of VET and ILO SDP in Phase (III) as explained earlier; however, it was impossible to gain access to targeted respondents. The responses of MoMM representatives were expected to be diplomatic and far from critical on issues of tripartism and social dialogue. Results were also not expected to differ from the state position verified in the literature *vis-à-vis* employers and workers. On the one hand, even these diplomatic or biased responses would have added an interesting dimension to the study especially when compared to the responses of employers and unions. On the other hand, it can be argued that because of these expected limitations the unavailability of perceptions of state representatives will not influence the analysis in a negative manner.

A contact with a MoMM representative developed in Beirut was followed up upon in February 2010; however, after his initial consent to put me in touch with other MoMM representatives directly involved in ILO SDP, he seemed to be ‘too busy’ to effectively offer any assistance. Thus, another representative who is a specialist in VET and whose name was included in some of the ILO documents on SDP (provided by ILO representatives) was approached and an appointment was set up. After a ten-minute conversation, the interviewee suddenly ended the interview, saying he was not specialised in the area of social dialogue, though the purpose of the interview was explained in each of the phone conversations the researcher had with him to arrange the meeting. Instead, he offered to help with the subject of VET and its development and to put the researcher in touch with a senior colleague working on ILO SDP.

The phone conversation with his colleague was summed up as: (i) holding a PhD herself, she believes that interviews are a waste of time and that surveys and documentation would be more effective so she was not interested in talking to the

researcher or in referring her to others in the department; (ii) the researcher needs to send a letter of request to Her Excellence Mrs. Aisha Abd ElHady, Minister of MoMM to get access to materials on ILO SDP (see Appendix B). The researcher sent a letter of request signed by the University's Director of Research and headed to Her Excellence but unfortunately a reply had not been received. Therefore, all the plans of including representatives from MoMM were impossible to implement and the researcher ended up with only one representative from MoMM who had offered information only on the VET system without going into the ILO Social Dialogue Project in particular. The researcher was still able to get some perceptions on tripartite relationships in regards to VET and its development.

b. Employers' interviews

Employers' response rate was around 62%. Interviews were focused on exploring their perceptions of (i) the current VET system; (ii) effectiveness of the ILO SDP; and (iii) the influence of ILO SDP on VET and its development. Employers were diplomatic and sometimes contradictory in their responses and hence the researcher used to ask a single question in different and intertwined ways to arrive at answers. For instance, one employer stated that his relationship with the state is very good and then later in the interview when talking about the benefits the state obliges employers to give to workers, he started complaining about the state and how distant it is from employers and their needs and so on. Another example, when employers were asked about labour actions, such as strikes, in their sectors, they would either ask the researcher to switch off the recorder or refuse to comment due to the perceived sensitivity of the issue and because they did "*not want to have problems with the government*" as stated by a senior employers' representative.

Although employers in the sample assented to take part in this study and agreed to terms of confidentiality and other ethical issues, they were worried if the researcher was a journalist or working for a non-governmental or a human rights organisation. She had to re-assure them she is an independent PhD researcher during the interviews. It was noticed that the contact persons who referred her to employers helped establish a minimum level of trust that could not have been formed otherwise in a low trust context. Unlike with ILO representatives, it would have been impossible to interview these representatives if she approached them independently.

c. ILO Interviews

The response rate was relatively high; 80 percent, as compared to other targeted groups. The Beirut conference was a useful starting point for establishing contacts with ILO officials and I also benefited from personal contacts. All interviews were undertaken in English, apart from two respondents who used a mixture of Arabic and English, and interviews lasted for 50 minutes on average. The researcher started with interviewing ILO officials in the SRO in Cairo first to get better insights into the ILO SDP before going for interviews with officials in Geneva HQ.

Respondents were asked about their perceptions of two main issues: (i) the ILO SDP in Egypt and perceived role and effectiveness of social partners; and (ii) VET and the extent to and ways in which the ILO SDP would influence its development, then the interviews then flowed into other related aspects as discussed in the next chapter. All respondents were helpful and provided the researcher with useful documents (other materials were obtained from the archives of the ILO library in Geneva). However, some respondents were unwilling to discuss certain areas in depth. They either asked the researcher to turn off the recorder for more elaboration while making it clear that this should be “*off the records*” or in a couple of instances completely refused to

comment, for example on issues of Egypt's non-observance of Convention No.87 and the current wave of strikes. Interviewing ILO officials opened up new areas to be investigated through interviewing other targeted groups in the study.

The researcher found it relatively easy to communicate with ILO representatives compared to other targeted groups in the study, primarily workers' representatives. ILO representatives were very professional and exhibited: (i) a clear and deep understanding of the subject; (ii) appreciation of the value of the research and the importance of their contributions through interviews to the study.

d. ETUF interviews

The researcher met with five union representatives; a response rate of around 22 percent. These interviews were the most challenging as compared to other groups as the researcher faced not only difficulties in gaining access but also communication difficulties. This is because of (i) being a *young* and a *female* researcher from a Western university in a male dominated environment which made it difficult to establish rapport and to open up respondents who were perceived to be not entirely comfortable with me asking them about their work; (ii) they had different levels of understanding of main concepts and ideas in the study; (3) they were not as appreciative of the value of research as other groups; mainly ILO representatives; and (4) the researcher was asked some personal questions (even by senior unions' representatives) which despite being an unprofessional behaviour, she realised were necessary to answer to help establish rapport (see section 6.2.3.2).

All contacts were arranged whilst in Cairo apart from a senior ETUF representative who was contacted approached in the ILO/AOL Arab Employment forum and he

agreed to meet the researcher later in Cairo. Once in Cairo, he agreed to participate in the study but he had never picked up the phone since then to arrange a meeting. The only resort was to visit the respondent without an appointment in an attempt to either meet him or at least arrange an interview date. Upon showing up in person at the representative's office she was able to see him immediately without even having to wait outside for more than five minutes and the interview went on for almost two hours. This last resort technique seemed to have worked out.

After five interviews with five representatives, the research reached a point of saturation. The researcher was hoping to access two other unions though; the general union for workers in textile and for workers in food industries. However, she was not able to meet them because (i) there was some labour instability in the textile sector as a result of a case of fraud in one of the newly privatised companies; and (ii) the General Union of food industries was undergoing structural changes as the head of the union passed away a few days before the researcher tried to contact him which also says something about the age of ETUF representatives.

At the beginning of the interviews, all union representatives seemed friendly and willing to assist the researcher. Nevertheless, as soon as the researcher started asking about their relationship with the state they started offering diplomatic answers and when probed were reluctant to discuss anything further. Apart from the senior representative who seemed to be willing to keep on talking for as long as possible, the representatives lost interest quite early in the interview and were unwilling or unable to discuss some aspects in details. They did not seem to understand or appreciate the value of the research. They were wondering why the researcher was looking into VET where, from their perspective, there were more important problems to consider, such as social benefits, workers' rights and others. Thus the researcher started to ask

many questions to address a single aspect of the research, such as their perceptions of the influence of certain policies on VET, to counterpoise for their limited responses to questions. One union representative showed an extreme unwillingness to further cooperate with the researcher; 35 minutes down the interview, he told the researcher he had to go for a *late lunch* and walked away, leaving the researcher in his office and asking her to make her way once she was ready: highly unprofessional and unexpected behaviour from a senior union representative.

Another respondent asked for a list of the questions the researcher wanted to ask. He then called up one of his staff asking him to prepare a nicely typed document (rather than hand written which is still a commonly used technique in their paper work) with answers to all of the researcher's questions. He finally asked the researcher to pick it up in a couple of days. The researcher had to show appreciation for his offer though she did not find this to be of any value in reflecting the perceptions of the respondent so she continued asking the respondent a number of intertwined questions and she spared questions about the state till the end of the interview. The interview lasted 50 minutes.

Finally, another challenge that was raised in the pilot study was differences in respondents' understanding of some of the concepts. For example, when asked about social dialogue, he did not refer to state-employer-union relationship but rather to a partnership/dialogue between Egypt and the countries of the Nile basin.

Interviews are suitable for exploring the perceptions of representatives of institutional actors as the number of these is normally limited. However, on an enterprise level there are larger numbers of workers and hence focus groups are an effective tool for

interviewing as many workers as possible in the limited time available for the research.

6.2.3.4.. Focus Groups

Focus groups not only provide an opportunity for respondents to express themselves in an unrestricted way (unlike in, say, surveys) but also offer room for the interaction of their responses and perceptions in ways that can enrich the discussion and offer more insight into feelings and thoughts (Kamberelis and Dimitriadis, 2005). Two focus groups were undertaken to collect data on workers' perceptions on an enterprise-level. Each focus group was of 4 participants⁶⁶ and lasted for about an hour each. These were audio-taped, translated into English, transcribed and analysed using NVivo. I was planning to include at least one company in the tourism sector and another in the construction sector for the reasons indicated earlier. The companies were selected using purposive sampling; the researcher was looking for companies where access to both management and workers could have been arranged *independently* as to avoid workers being chosen by their employers which would affect results.

Such a company was found in the construction sector. I personally knew a worker in the land transport department who agreed to introduce me to his co-workers/builders though he remained the main point of contact. Ten of the workers were invited to participate in a focus group (of six to eight people) and nine of them expressed their interest. They were offered workers 30 L.E. compensation (which is 60% of their daily pay) to participate in the focus group in addition to transportation costs and refreshments. On the scheduled day for the focus group, workers asked to postpone their appointment for three more days and that compensation be raised to 50 L.E. and

⁶⁶ In one of the groups the fourth respondent did not show up.

another meeting was set up. Then, one day before the re-scheduled meeting, they asked for an increase in pay to 100 L.E. and asked the researcher to arrange for a mini-bus to pick them up from and back to work and to pay an equal compensation for their field supervisor (though he was not participating in the study but he asked for this compensation if *his* workers are to participate in the study). I could not afford these expenses and thus the case had to be dropped after more than three weeks of preparations.

The dropped case was replaced with another company in the tourism sector. It was not possible to approach workers independently in the two cases included in the study; managers nominated some workers to participate in the two focus groups. This was very challenging as workers needed to be re-assured of the confidentiality of the interview. Even after this, their responses were expected to be influenced by the fact that the researcher knew their managers. This reinforced my decision to use a life history approach (as deduced from the pilot study) where respondents would talk freely about their personal experiences with VET and how they learnt the vocation. This technique was successful in opening them up and they were particularly interested that a young researcher from a Western university was curious about their personal experiences at work.

Workers were friendly, respectful, did not ask the researcher any personal questions and offered many details about different aspects of work. Unlike union representatives, they expressed their views on their relationship with the ETUF freely which were critical and sometimes negative but they started to be cautious in their answers when probed for more perceptions into this matter. Thus a number of intertwined questions were used to ask about a single matter; a technique used with unions' representatives as well. They showed interest in the results of the study; more

out of curiosity than for the study's importance, and they left their contacts. Some private business was also sought by them as they offered to be of any help in catering for private parties.

The researcher had to use very simplified and casual language to communicate with workers. This would have been a more challenging task for workers in the building and construction sector and for that focus group (which was dropped) I had started looking for a mentor to run the focus group. Three mentors were approached, researchers from an engineering background, but only one was willing and able to act as a moderator. Nevertheless, the mentor was not considered to be necessary for workers in the tourism sector since these tend to be more used to dealing with people from highly educated backgrounds than their counterparts in the building and construction sectors. Yet, I had to avoid using any terms, such as social dialogue, as indicated by the pilot study.

6.3. CODES OF ETHICS

A number of ethical issues were taken into consideration before and during the data collection process. There is not a single set of ethical codes in social sciences (Creswell, 2003; Christians, 2005; Saunders *et al.*, 2009). Nevertheless, there is a general consensus on four basic guidelines as suggested by Clifford Christians (2005).

1. *Informed consent* which is based on two conditions: “First, subjects must agree voluntarily to participate” and “Second their agreement must be based on full and open information” (Christians, 2005:144). Both conditions were met in our case as (i) all participants fully agreed to offer their perceptions based on the information

provided on the purposes of this study; (ii) they all agreed for audio-recording their responses; and (iii) the data collected was not used for other purposes.

2. *Deception* in terms of *deliberate misrepresentation* (Christians, 2005:145) of research purposes and/or use of data was completely avoided.

3. *Privacy and confidentiality* of personal identities has been reassured before collecting data and these were kept secure throughout data analysis and reporting of findings. All respondents in the research are anonymous to keep up to this code.

4. *Accuracy* and this involves reporting data without any “fabrications, fraudulent materials, omissions and contrivances” (Christian, 2005: 145). This chapter illustrates the accuracy with which the research was designed and data collection methods were *selected* and *undertaken* by providing a detailed account of each of these steps and identifying any weaknesses and/or limitations (see below). The same level of details is provided in the next chapter on data analysis that illustrates the accuracy with which results were reported.

6.4. LIMITATIONS

Every research has limitations that can influence its breadth and depth. This research was restricted by the limited resources available at the time the study was undertaken. I was able to visit the field three times throughout the course of the study; nevertheless, the longest consecutive period spent in the field was about three months. This did not allow for undertaking observations over a prolonged period of time, such as six months. Triangulation of research methods was used to compensate for this drawback. Due to time restrictions more companies were not being included in the

enterprise-level analysis. This was one of the reasons for dropping the company in the construction sector as there was not time to arrange with another company.

As a result of time and financial constraints, the research was limited to Greater Cairo (that is the two governorates of Cairo and Giza) and Alexandria but could not be extended to other regions of the country. Also, if more time was available, it would have been possible to include the final appraisal of the ILO SDP in the study (due to end in the second half of 2011 and thus the appraisal would have been ready towards the last quarter of 2011).

Other limitations were incurred as a result of uncontrollable external influences, such as gaining access to state representatives in MoMM and other respondents in the EFI and the ETUF. As a result, I could not adhere to the plans designed in the sampling frame. Other challenges were incurred in the sampling process at the enterprise level. It was not possible to access workers and managers independently and therefore as a last resort I asked managers in the two enterprises to allow me to speak to their workers. In an attempt to avoid potential interview bias, a life history approach was used in the group interviews but this did not completely remove a probability of bias in their responses.

Finally, the study was limited to the viewpoints of state, employers' and workers' representatives on a national level, as shown in the data analysis and findings discussed in the next chapter. More insights into the problem can be obtained from a sectoral level analysis and a wider scope of enterprise level analysis. These can be addressed in future research.

7. DATA ANALYSIS AND FINDINGS

7.1. INTRODUCTION

This chapter analyses and discusses findings from the data collected in 2010 (see figure 6.4) with the aim of answering the second and third research questions. The chapter is divided into four parts. Part (1) addresses RQ2 with the aim of exploring constituents' perceptions of state-employer-union inputs and cooperation in VET. Part (2) addresses RQ2 with the aim of exploring constituents' perceptions on the ILO Social Dialogue Project and the extent to which it has influenced state-employer-union cooperation and VET development. Part (3) offers a grassroots perspective on the issues discussed in parts (1) and (2) as perceived by employers and workers in two enterprises. Finally, the three parts are linked to gain more insights into relationships and probable influences on VET.

7.2. CATEGORISATION, CODING AND THEMES

Data collected were analysed in the following stages:

1. All interview audio-recordings were transcribed and translated from Arabic to English. The researcher used back translation to ensure meanings were not lost.
2. Translated transcripts were coded (see Appendix B for a list of the 154 codes).
3. The data analysis software NVivo (version 8) was used to categorise the data into five themes (Table 7.1). Each theme consists of a number of concepts that were compiled from the codified transcripts.

Table 7.1 Matching RQs, Perceptions of key institutional actors and Themes

Research Questions	Perceptions of key institutional actors	Themes
PART 1 To answer RQ 2	Employers	1. Perceptions of VET and its development 2.Perceptions of state-employer-union cooperation
	Unions	
	ILO	
PART 2 To answer RQ3	Employers	3. Perceptions on the ILO and its Social Dialogue Project 4. Perceived influence of SDP on VET system
	Unions	
	ILO	
PART 3 To verify responses to RQ2 & RQ3 on an enterprise-level	Employers	5. Perceptions of employers and workers on an enterprise level (
	Workers	

4. NVivo models have been used throughout the analysis to offer a visual representation of relationships between concepts which offer insights into the different dimensions of themes addressed in each section of the analysis.

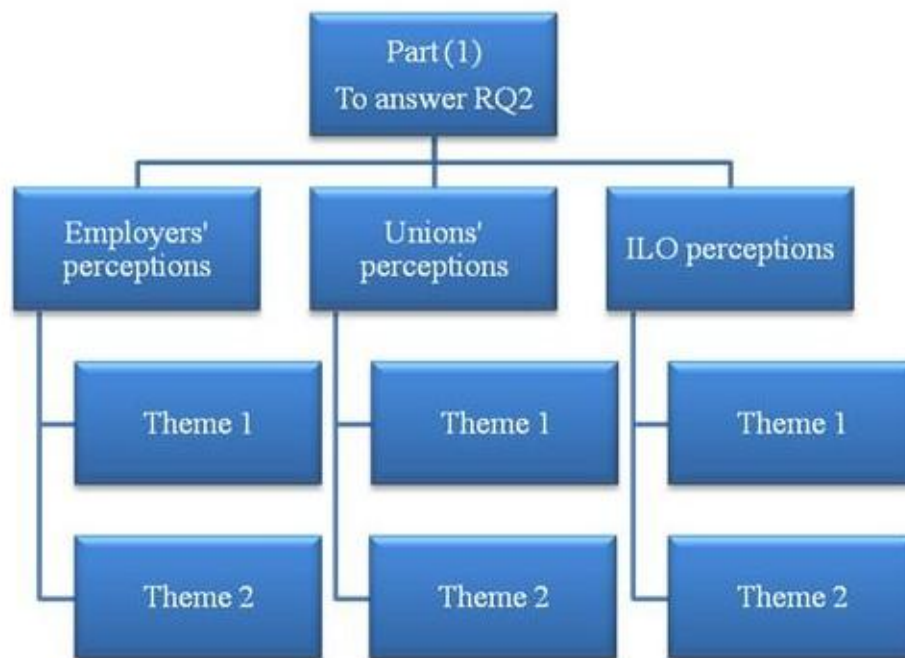
5. Themes are analysed with the aim of answering the second and third research questions:

RQ2: *What are the mutual perceptions of key institutional actors of state, employer and union inputs and cooperation in VET?*

RQ3: *In what ways do institutional actors perceive the ILO SDP to have influenced state-employer-union relationships and VET development?*

7.3. PART (1): RQ2 EXPLORED

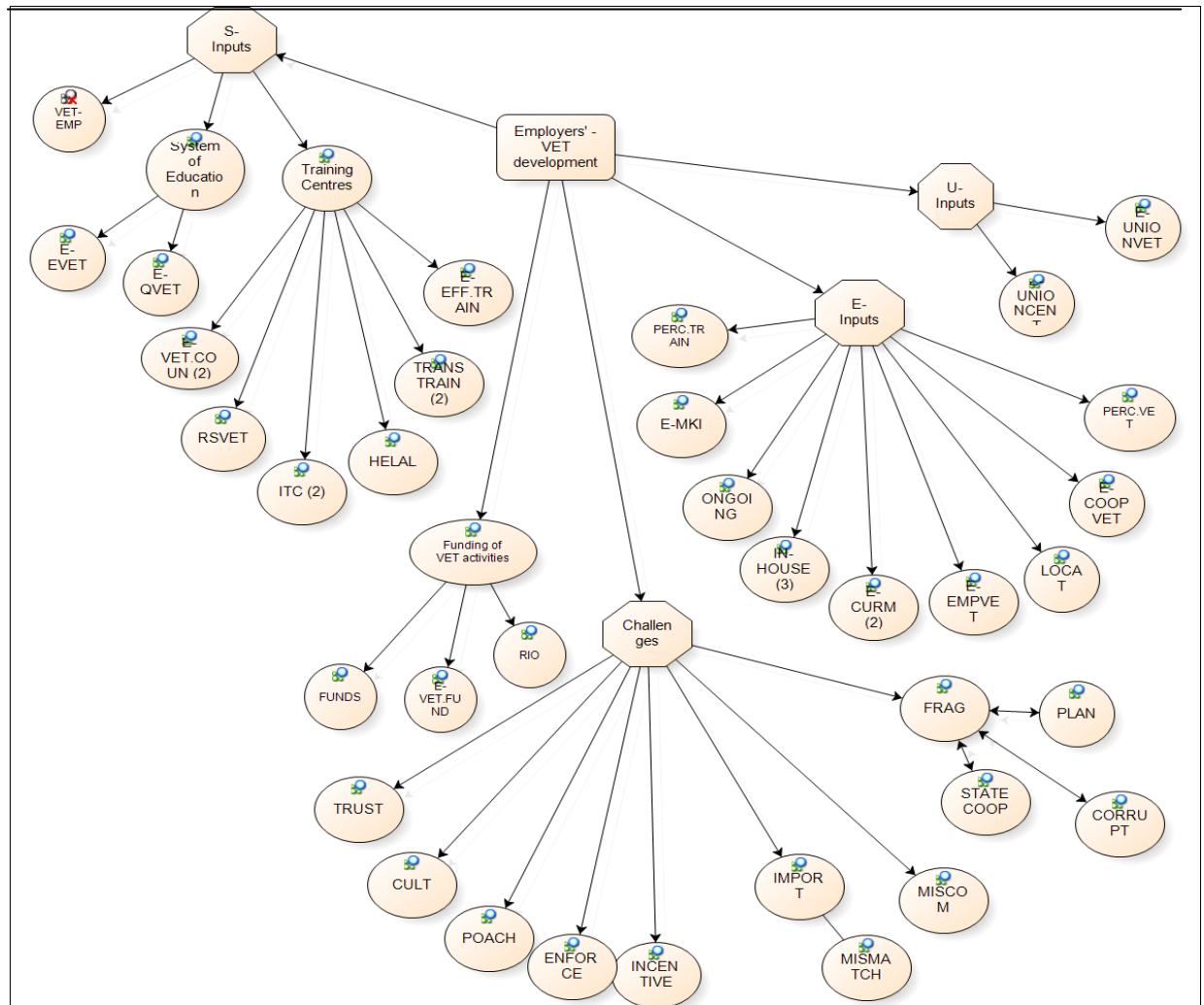
Figure 7.1 Part (1): Analysis of RQ2



7.3.1. Perceptions of Employers' Representatives

7.3.1.1 Theme (1) Perceptions of VET and its Development

NVivo Model 1: Analysis of employers' perceptions of VET inputs



□ Employers' perceptions of state, employer and union VET inputs

○ **S-Inputs:** State VET inputs; **U-Inputs:** Union VET Inputs; **E-Inputs:** Employers' VET inputs; **Challenges:** Challenges facing VET investments

○ Perceptions of: **VET-EMP:** Education and training for employment; **E-EVET:** VET effectiveness; **E-QVET:** VET quality; **VET.CO UN:** VET councils; **RSVET:** state's role in VET; **HELAL:** TVET reform programme; **TRANS.TRAIN:** Transformative training **EFF.TRAIN:** Effectiveness of VET programmes; **FUNDS:** Sources of funds for VET development; **RIO:** Role of international organisations; **TRUST:** Trust levels; **CULT:** Cultural issues; **POACH:** Poaching of workers; **ENFORCE:** Unenforced articles and laws; **INCENTIVE:** Incentives paid to employers to engage in VET and social dialogue; **IMPORT:** Importing foreign labour; **MISMATCH:** High unemployment and shortages of skills (mismatch problem); **MISCOM:** Miscommunication/lack of awareness; **FRAG:** System fragmentation; **STATECOOP:** state VET inputs; **CORRUPT:** Corruption of the system; **PLAN:** Lack of planning; **PERC.TRAIN:** VET provided by other parties; **MKI:** Mubarak Kohl Initiative; **ONGOING:** Ongoing development and reform; **HOUSE:** In-house training; **CURM:** Engagement in curriculum development; **EMPVET:** Employers' VET participation; **LOCAT:** Location of training; **COOPVET:** Employers' VET financial cooperation; **PERC.VET:** Social image of VET; **UNIONCENT:** Effectiveness of VET centres owned and/or run by unions; **UNIONVET:** Unions' VET inputs.

i. Perceptions of State Inputs into VET and its Development

As discussed in Chapter 5, the state offers VET through formal education and VET centres. Respondents' perceptions of each are discussed.

a. The Educational System

Employers are generally not satisfied with the quality of VET offered as part of the system of education. Some of the perceptions were as extreme as describing the whole process as “*useless*”. Employers interviewed think that the state, represented in the MoE and MoHE are concerned with the *quantities* rather than *qualities* of graduates. Employers' perception in this respect coincides with that of international organizations which consider this to be a major challenge to VET (e.g. Abrahart, 2003; ETF and World Bank, 2006). For instance, an employers' representative in tourism comments:

“The problem is that we have schools and universities that provide a very low quality of graduates.... we need to have quality graduates, it is illogical; they spend 3 years earning a diploma and then after graduation they know nothing! So I have to train them for (at least) 6 months. Educational standards are disastrous”.

He suggests the state's strategy towards VET development should shift from its current focus on adopting quality standards from developed countries with successful VET, to a more strategic emphasis on restructuring the VET system as a whole. He comments:

“the whole system has to be reengineered... they (the state) are currently doing quality assurance projects (referring to NAQAAE), ‘assurance’ of what exactly? There is no quality; the whole content has to be thrown away” (emphasis added)

Employers are concerned with the lack of an adequate balance between theory and practice. The system is considered to be mainly based on rote learning and memorisation with very little practical training. An employer in the tourism sector comments:

“(ideally) VET depends on a combination of theory and practice. Practice means that they are trained in the field; in hotels. This does not happen in Egypt. They keep on learning the theoretical part... with little practice”.

Seven employers referred positively to the Mubarak Kohl Initiative (MKI) as a positive step. The main advantage of MKI is perceived to be the hands-on experience it offers individuals. MKI integrates, in a well planned and structured manner, theory and practice in a way that enhances learning, as perceived by employers. For instance, an employer representative in the food and beverage sector states:

“I personally think that the VET system is very far from what it should realise and achieve, apart from Mubarak Kohl (Initiative). We need to expand more on the Mubarak-Kohl initiative or widen its scope on a national level because it is an effective programme as it trains on-the-job and has clear parameters and plans”.

Despite employers’ criticisms of VET, almost all of them distanced themselves from the problem as they considered it to be the sole responsibility of the state. Eight employers expressed their unwillingness to cooperate with MoE or MoHE on the development of VET and they did not recognise any potential role they could play in VET development. Apart from this general trend, two employers have been found to be already cooperating with the state in VET. Such a level of cooperation is not insignificant by regional standards in MENA and as compared to the case of Egypt a

few years ago. Yet, this is not the case if compared to the German case which the Egyptian government is using as a benchmark (mainly through MKI).

Both employers; in the tourism and construction sectors, have been invited by senior state representatives to represent employers on the boards of executives of some VET colleges on a regional and/or a national level. Both agreed to take part in these for two reasons, as reported; (1) they were selected from a wide range of employers by senior state representatives; (2) they hoped they could bring about some change to the status quo. The employer's representative in tourism has been a board member for about 3 years. He is mainly concerned with his inability to bring about any *effective* change to the current system due to its relative inflexibility. He describes his experience with a VET college:

“Finally, they (the VET college) started to consider the viewpoints of employers in curriculum design. They established a council and invited employers of diversified experiences in the field to benefit from their contributions and I was selected (as an employer representative on the board of executives)... but all of these things are time consuming and when you undertake research (to improve the VET system) you can end up with an initiative that will be put in the drawer (rather than used in policy making), why should I waste my time then? I am a private sector employer! (for example) We asked them to reintroduce students' interviews (as a criterion for enrolment). It took them ages to agree to do so and in the end they amended it only partially (not as suggested by employers). due to their (the state) concerns about social inequality and equal opportunities!!!”

A more positive experience was reported in the construction sector where the employer has been able to positively influence curriculum development. He describes his experience with the MoE:

“we have been working for 2 years now with MoE on a programme of partnership, we managed to work on a couple of schools; we work with them on curriculum (development) and they provide us with qualified labour in the field of mining. And... it (the experience) has been promising”.

In summary, all employers’ representatives are dissatisfied with the quality and effectiveness of VET as part of the system of education. They however consider the system and its delivery to be the entire responsibility of the state and they have not offered to cooperate in the design, provision, evaluation or development of VET apart from two employers who already cooperate with the state. However, their perceptions of the effectiveness of this cooperation are different. One probable explanation could be the nature of the sector within which each operates but this is a hypothesis that needs to be verified through further research into this point. Unlike the educational system, employers tend to be more involved in VET training centres. This is not to say however that their involvement is perceived to be effective, as discussed below. Employers’ perceptions on the quality and effectiveness of VET centres are slightly better than of the educational system.

b. Training Centres

When exploring perceptions of VET centres, employers’ interviewed fell into one of two categories. First, a group who has worked with VET centres before and has direct relationships with them; this includes three employers. Second, a larger group of 7 employers; they are aware of the availability of state-owned VET centres and related programmes but have never been in direct contact with any of these. Both groups agree that VET in the educational system needs a long time to be effectively reformed. For instance:

“Looking at the progress (of VET) on a national level, we still have a long way to go”.

So they regard VET centres as a quick solution to the problem of VET, for instance a common response was along the lines of this comment:

“The ITC (Industrial Training Centre) provides training and this is a quick solution.”

In the first group, employers had different experiences with state-run centres. For instance, a representative from tourism stated:

“(he has been a member of) a council in MoE for about 10 years ago (which was established) to find ways of improving the quality of technical and vocational education as it is useless” (emphasis added)

Yet, after ten years development efforts are not perceived to have been fruitful, as:

“There are some developments in curriculum but these are not in line with (market) developments”.

Two employers within this group reported a positive experience in working with the ITC which is an affiliate of MoTI, for instance one of them reported:

“We have regular meetings and strong connections with MoTI... and at the same time we deal with other bodies... such as the ITC with which we work closely”.

According to these employers, the MOTI has offered them technical assistance through the ITC and the IMC (Industrial Modernisation Centre) in the form of (i) international consultants to help with restructuring the business; and (ii) VET programmes to upgrade the skill level of their workforce. The state covers 90% of the

costs of the programmes and employers only pay 10%; a relatively large subsidy by regional and international standards (see chapter 5). One of the employers made it clear that he could have never afforded these services if they were not so heavily subsidised:

“Honestly, I am one of the companies who have greatly benefited from these (state-run VET centres) services... We have participated in developing the technology centre for marble (VET centre) and we understand what it takes to export foreign technologies and machinery and so on. The centre is responsible for importing technology from Italy or from other developed countries to Egypt. It has been there for 5 years and 80 companies have benefited from its services as compared to 1000 marble companies in Egypt. We created 1000 job opportunities and we offered VET; we do not ask for any qualifications (as a criterion for training) but the willingness of the trainee to work (is not sufficiently available) and we offer a job opportunity after finishing the training course of 100 dollars per month and during the training we offer 30 dollars per month pocket money... (all of this) is financed by the IMC... The IMC is the body that creates the VET programme... and they (the IMC) offered me an English consultant, he is acting as a vice- CEO, he and his team are here to restructure the company and its operations, it (the programme as a whole) costs 1,200,000 L.E.; I only pay 120,000 L.E. and the IMC pays the rest of the package, I could not have otherwise offered this”.

Employers’ limited utilisation of state-run services is perceived to be mainly due to the lack of awareness and ineffective communication of ITC services to employers, from the viewpoints of employers’ representatives in the first group who think the ITC and EFI should play a more effective role in disseminating such information.

The second group did not recognise any kind of employers' engagement in VET centres and more generally they were only able to recognise two VET centres/development programmes; the ITC and the TVET Reform Programme respectively, despite the tens of programmes available for VET centres and its development as discussed earlier.

Two employers perceive the TVET Reform Programme (see Chapter 5) to be a good attempt to change the status quo and increase employers' engagement. The remaining five employers' representatives are critical of the programme and its effectiveness as after more than five years of operation since its launch in 2005 they still cannot recognise its influence. Some of them criticised the *vague* vision of the programme and the contributions of member employers:

“The concept of TVET (Reform Programme) has been a bit lost... (the programme aims) to reform VET from the perspective of the private sector and according to its needs... (but) I still have some restrictions (on its operation and direction)... they (participating employers) are in a coma; they are inactive in Human Resource Development and they ask for silly (basic) things, such as people with good English language skills!”.

All employers' representatives in the second group did not have positive perceptions of the ITC though they all referred to it as an example of state efforts in VET centres. For instance, a senior representative in the EFI chamber of construction industries reported ineffective cooperation with the ITC and gives an example:

“(the ITC asks the Chamber): ‘we (ITC) an upcoming seminar, can you please give us your database to contact member employers?’ and so forth. But our (the

EFI and the ITC) role should be different; we should have specialists to diagnose the problems of employers and ascertain their needs (for the ITC to be able to effectively assist employers) ”.

This comment is made by a senior employers’ representative; his statement that “*we should have a specialist to diagnose the problems of employers and ascertain their needs*” is a strong indication of the incoherence and ineffectiveness of the current employers’ association which he represents, as part of the EFI.

Employers also commented on the ITC programme for transformative training. The latter helps individuals to shift from one field to another through intensive courses and training on basic skills required on an entry level in certain vocations, for a period of three to six months. This training is then complemented with on-the-job training in enterprises. Transformative training is one option that the state and its ITC resorted to for solving shortages of skilled workers. Employers perceive the programme to be a practical short-term solution yet they would rather like the MoE and MoHE to do a better job in delivering quality VET in the first place to save on: “*time, money and effort*”.

Hence, in general employers have unfavourable perceptions of state-run VET. Employers in the first group consider ineffective communication of the state’s VET services to employers to be a major constraint. However, employers are usually very attentive to any sort of assistance that can help improve their performance especially if it is offered at a highly subsidised rate as in the case of VET which the ITC subsidises by 90%. A probable interpretation could be their unwillingness to share

information about their businesses with the state, especially given the low levels of trust as indicated in this analysis, rather than ineffective means of communication.

ii. Perceptions of unions' inputs

Employers' representatives do not recognise unions' role and inputs in to VET. They see little reason for involving workers in VET and its development as Egyptian workers, from their viewpoints, never point out areas of deficiencies and never ask for any training to upgrade their skills. A representative in the construction sector comments:

“The worker always thinks he is Number One... Do you expect him to come up to me (the employer) and say I need to be trained in this or that?! How come? No (Egyptian workers) could ever come up and say they need training”.

Another employer representative who had previous experience with MKI does not recognise the value of engaging workers on boards of VET, as they won't add value since:

“People (workers) in Egypt never say they do not know”.

Employers however referred to informal inputs by supervisors and workers' representatives. The same employer comments later in the interview:

“Workers' inputs are likely to be informal (emphasis original-author)”.

It seems that workers' representatives offer employers feedback on VET and general performance levels, yet employers do not seem to be willing to *formally* approve of workers' role and inputs. One possible explanation is the relatively high hierarchical and authority relations in Egyptian organisations as discussed above. Hence, since formal recognition of workers' inputs to VET would strengthen workers' position and power, employers tend to reject such contributions formally. Instead, employers rely

on informal consultation from workers' representatives so that they receive feedback on workers' performance, VET needs and other issues while preserving the hierarchical structure within the enterprise and limiting the perceived scope of workers' inputs.

Two unions own VET centres though with limited capacities due to financial constraints. When employers were asked about their perceptions of these, their responses were mostly negative, for instance one employer replied:

“Is this a question to be asked? ...they do not have one training centre (in this sector)!”

The reaction of other employer representatives was similar and comments such as: *“They have only one centre and it is (body language indicating it is useless)”*, were very common. The ETUF with all its 23 unions is perceived only to be concerned with demanding more benefits. For instance, an employers' representative in the tourism sector comments:

“They (unions) do not realise the importance of training. Listen, this mindset; the person who appreciates the importance of training, need to be exposed to the international arena, to be aware of how things are like outside (Egypt), to have seen similar products in other countries (and how they are being delivered) and how (skilled) employees are, as long as they (unions and workers) are just limited to the local/national level, their ceiling is not very high; they do not think they need training. Unfortunately, the trade union of tourism does not appreciate training, they are more concerned with how to get more benefits for workers, how to increase pay and so on”.

Only one employer was positive about the VET centre owned by the General Union of Workers in Construction and Woodwork, developed using financial aid from an American body. Nevertheless, he perceives the outputs of the centre to be limited and of negligible influence on a national level. He comments:

“These offer training to workers from companies and organisations, one of the good centres in Mokatam, it is very good, but the productivity of the centre, I do not have statistics, but it is not effective on a national level... they invited me to have a look at the centre and it is good, they have workshops and machinery and trainers... (but) all of these are available but with a largely limited scope”.

The same employer however had a different response when asked about his company's relationship, and more generally the sector which he represents, with unions' VET centres, for which he replied:

“There is no relationship. But if anyone wants to contact the union to ask them (i.e. other companies in the chamber) to train their workers (body language meaning - they can go on), but we do not ask them to train our workers, we do our training in-house”.

Hence, employers' representatives have unfavourable perceptions of unions' capacities to contribute to VET. They are very negative about the involvement of workers and their organisations. Though supervisors are informally consulted to point out strengths and weaknesses on an enterprise level, employers do not *formally* approve of their inputs. Formal recognition of unions' inputs could strengthen workers' position which employers reject.

iii. Perceptions of employers' inputs

This section explores employers' perceptions of their own role in VET and its development. First, their perceptions of VET and its value in general are discussed. Second, their perceptions of their inputs into VET are explored.

All employers' representatives agreed that the importance of training is widely unappreciated in Egypt. VET is not considered to be a high priority issue on employers' agenda as stated by employers' representatives, for instance:

“The mindset of VET is completely non-existent in Egypt. Employers do not want to invest in VET and workers also do not want to invest; not money but their time”.

Various justifications were offered to explain employers' neglect of VET. For instance, some employers argue that workers tend to be unwilling to engage in VET or any type of skill development, for instance an employer comments:

“there is no appreciation by workers to (the value of) training”.

Another employer representative has the same point of view and describes workers' attitudes towards VET programmes:

“People (workers) consider training to be a ‘trip’... they leave their job and they go to a 5-star hotel, they have coffee breaks and luxurious lunches (and that is all)... I have personally seen these things”.

Another justification is cultural influences. The latter are perceived to undervalue VET and the importance of skill development in general. Some employers argue

along the lines that the Egyptian worker “*always thinks he is Number One*” as indicated before and therefore workers think they do not need training. To them, the development of production through training programmes is out of the question, as one employer comments:

“We have a problem in Egypt regarding labour and the culture of work... The mindset of work and improving production does not exist in our culture”.

Such misappreciation of VET is related to the low prestige of VET in society, as discussed in the literature review. Employers think that such an unfavourable social image has reduced the demand for VET programmes and undermined the value of all related activities including re-training or transformative training.

One employer gives an example from the tourism sector:

“There is no demand... for certain types of jobs in the (tourism) sector, due to culture. No one wants to work as a waiter or as a chef; they feel it undervalues them, from their point of view”.

Another explanation of employers’ low inputs to VET is the low levels of competition in the Egyptian market. Thus, employers are not keen to improve their quality levels as consumers have limited options in the market. Moreover, in some instances in “*immature markets*”, companies are likely to compete on price and thus they focus on cutting costs which discourages them from investing in upgrading workers’ skills through VET programmes. Employers (and ILO representatives as well – as discussed later) have brought up this issue, for instance one of them comments:

“It is (the Egyptian market) an immature market... the private sector abroad, due to high competitiveness, they know they will go bankrupt if they do not train... but Egyptians do not understand the value of training”.

The tourism sector, mainly driven by the private sector, is an exception as (i) it targets international customers; and (ii) it faces international competition. Hence, quality standards are very high in comparison to other sectors, such as construction for instance. Employers in the tourism sector are making every effort to enhance VET levels in their workforce which is currently a major constraint to the development of the sector as explained in Chapter 2. The state is relatively supportive of such initiatives due to the importance of the sector to economic growth and as argued by Richter and Steiner (2008), due to the neo-patrimonial nature of the state. For instance, employers’ representatives in the Chamber of Tourism play an active role in VET development. Some inputs from employers have been difficult to implement, such as the introduction of interviews as a criterion for acceptance in colleges of tourism in Egypt⁶⁷. Nevertheless, there have been positive changes in other areas, such as curriculum development, as indicated by the employers’ representative:

“We changed curriculum (in cooperation with the Ministries of Education and Tourism) of (a number of) higher technical colleges and universities of tourism in Egypt, against a benchmark of 5 Western colleges and according to the needs of the market; this is on the top management level”.

In other words, employers’ inputs are considered to be *“limited trials in a limited number of programmes”* rather than a well articulated programme of employers’ inputs, as argued by a senior employers’ representative. The MoE and MoHE started

⁶⁷ see (i) in section 3.1.1.1

to engage employers in their committees and to consult them on matters related to curriculum development; however, employers' inputs are not always effectively implemented due to the relative inflexibility of the system and the relatively high levels of corruption, neo-patrimonialism and clientelism, all of which constrain any change to the system.

Nevertheless, it is misleading to assume that employers do not play any role in VET. Three employers reported the provision of some kind of technical assistance. Employers' experiences have not always been positive in this regard as shown below but when their inputs are taken into account by decision makers, the results tend to be rewarding. For instance, an employers' representative who worked on Mubarak-Kohl Initiative (MKI) comments:

“The Curriculum used to be supply driven, but afterwards we tried to make it demand driven... For example, we did this in El Marg (a small city in Egypt) where there is a demand for insurance salesmen, so we developed a VET centre for this (through MKI)”. (emphasis added)

In this example, the state represented by MoE and Gtz have taken employers' inputs into consideration which resulted in a new VET programme that meets the needs of employers in the small city of El Marg. The influence of a *neo-liberal* analysis of VET problems (as discussed in the literature review) is obvious in the employers' representative description of the problem as one of *supply* and *demand* mismatches. Yes, but the example is positive and that should also be noted.

In addition to the state's limited engagement of employers in VET, employers themselves are only willing to share a limited amount of information. Employers' representatives reported their reluctance to share information about their companies

and their needs in VET terms. All of them reported their uncertainty about how this information would be used by the state and their competitors and thus they prefer to keep their inputs in VET, especially in technical issues, to a minimum. An employers' representative describes member employers (from different sectors) saying:

“they (employers) do not want to provide information. They do not trust how this information will be used.”

This issue of trust is one of the main challenges that limit employers' inputs into VET. These are directly related to low levels of cooperation amongst employers and between employers and the state, as discussed later in Theme (2), together with the generally relatively low levels of trust in the Egyptian context.

The situation with employers' financial inputs into VET systems is even worse. A senior employers' representative comments: *“The private sector is a recipient; employers do not pay anything (to VET development)”*. They can refuse to cooperate in funding VET even if they have to pay 5% of the total costs of VET development programmes; a percentage considered by state representatives to be negligible⁶⁸. An employers' representative gives an example from his own experience:

“(VET) courses are free and they (employers) do not contribute anything. I was able to obtain a grant from USAID (for VET) with a subsidy of 95% and employers were only required to pay (the remaining) 5%. They refused to cooperate in this programme.”

He also calls for better and more formalised employers' financial cooperation and suggests the development of a formal:

⁶⁸ Unlike other contexts where employers' VET contributions are calculated as a percentage of turnover, for example large British corporations typically spend 3% of turnover on VET, in Egypt employers are asked to cover 5-10% of the cost of particular programmes.

“training fund to achieve financial sustainability, as in France for example, with the training levy.. but here the government is funding and subsidizing the private sector, even when the training is offered (almost) for free they (employers) still do not want to engage (in VET)”.

The training levy has been already introduced in the new Labour Law 12/2003 in an attempt to oblige employers to cooperate in financing VET. This article compels enterprises employing more than ten workers to pay a one percent levy on their net profits to the training fund of MoMM. Some companies are paying the levy while others are not, and the levy yields on average 350 million L.E. per annum (AfDB/OECD, 2008). Employers reacted strongly against this article upon its introduction in 2003. Currently, a number of businesses have brought court cases against the unlawfulness of this article relying on some loopholes in the law. Almost all of the employers interviewed agreed that this article *“does not make sense”*, for instance a senior employers’ representative comments:

“The 1% is not taken for training. We train our people... I pay 2 - 3% (of profits) on VET so why would you take another 1% from me. If there are companies that do not provide VET, you can start taking from them, but it does not make sense to be providing my workforce with quality training and then you take from me (an extra) 1% levy which I have no idea what you (MoMM) will end up doing with it”.

Whenever employers need to provide VET to their workers, they do so independently without any cooperation with either the state or, whenever available, unions’ centres. For instance:

“There is no relationship (with unions’ VET centres)... We do not cooperate with them, because we meet our needs using our own capacities, but the problem we face is when we need to employ new workers”.

This viewpoint is shared by all employers' representatives interviewed. Three employers; two international hotel chains and a large company in food and beverages, invest considerable amounts in training their workforce. For instance, an employers' representative in food and beverages comments:

“We spend a lot on training (VET). If I want someone to work in agriculture, I can employ someone with a Bachelors in Commerce and then train him in agriculture, because there are no (qualified) people (graduates) in agriculture. For instance, no one is trained as a veterinarian, so I send them abroad for a 6-months training or I can get some experts and sometimes I get trainers from India and Pakistan because their level of education is better”.

Other employers use less professional techniques for VET or do not invest much on in-house training. For example, in the textiles sector one employers' representative comments:

“we employ them and then they work on the job, he (the new worker) may or may not like the job. That is why, a large percentage of the new hires do not continue and they leave and a few people remain”.

There are however more serious reasons why they leave the job than simply *disliking* the job as indicated by this employer; such as the low wages and bad working conditions particularly in the textile sector, which is why this sector has one of the highest turnover rates in Egypt and the highest rates of strikes and labour action (as discussed in Chapters 4 and 5).

In summary, employers' representatives tend to underestimate the value of VET. Their inputs are mostly in the form of technical rather than financial cooperation. They are limited in scope and effectiveness. Other challenges perceived to hinder VET and their contributions to the system were referred to by employers'

representatives.

iv. Challenges

Amongst the challenges identified by employers' representatives is the fragmentation of VET; an issue also pointed out by literature (e.g. Abrahart, 2003; ETF and WorldBank, 2006; Dhillon *et al.*, 2009). Employers referred to two types of fragmentation. First, fragmentation of the bodies responsible for VET in Egypt; an employer comments:

“each entity has its own model.. fragmentation (of the system) is a real problem.. it is a waste of time, money and effort”.

Second, fragmentation of VET *development efforts* or in other words lack of coordination between VET development projects on a national level and across donor agencies. For instance, a senior employers' representative criticised fragmentation of VET development across international organisations, such as the EU and Gtz. He described Egyptian VET as a '*net*' open to different experiments and he wonders why Egypt does not stick to one kind of VET system; most likely because the state welcomes most of the assistance offered by international bodies. All employers share the same perception. The senior representative comments:

“you are of course aware of TVET project which is based on the European experience of ETPs and partnership between public and private bodies. This is also another experience, just like any other grant received (such as) Mubarak-Kohl, TVET Reform Project; VET development is) similar to a net. Why do we not stick to one system? We just do not! We have no 'system'; there is bombardment, even when you talk about the dual system of Mubarak-Kohl, this cannot work in Egypt”.

VET fragmentation (and relatively high dependence on foreign aid in the development of VET) has negative influences on the communication of development programmes and efforts across stakeholders. The non-existence of a single body responsible for VET reduces the effectiveness of information dissemination and this is evident from employers' low recognition of VET programmes as discussed earlier. In another instance, a senior employers' representative discussed with the researcher an example of a cooperative VET development project between the ITC and the chamber he represents in the EFI. From his description of the project, the researcher recognised that he was talking about the TVET Reform Programme and not the ITC as he indicated. So he comments:

“There was a project between the EFI and our chambers, between PVTB and the ITC whereas there would be a direction of some schools to be transformed into sectoral schools to provide workers in the fields in which labour are required”

When asked whether this is the TVET Reform Project, his answer was “*maybe it is*”. A senior representative in his position is expected to be at least aware of the project which the chamber he is representing is engaged in.

VET fragmentation also results in another challenge; ineffective strategic planning. A major question raised at this point is who is in charge of VET planning? The fragmentation of the system makes it difficult to find answers to these questions. VET planning is thus negatively perceived by employers' representatives which hinder their willingness to invest in the system and/or cooperate in its development. One of the employers takes the matter of planning to the extreme; he comments on the Egyptian state tendency to be reactive rather than proactive to events which leads to inconsistent strategies and constraints development. He comments:

“We follow a management-by-crisis strategy in Egypt; we do not have (effective) ‘planning’... Everyone takes on a position (as a government official) destroys what

the person before him did and starts building from scratch, because there is no strategic planning, no foundations, no consistencies in strategies”.

As a result of ineffective planning, employers perceive VET to be producing large numbers of individuals in fields that are not necessarily needed in the workplace, or at least not in these quantities. An employer representative in the field of tourism gives an example to elaborate this shared perception. He comments on how the educational system produces large numbers of managers and a much smaller number of technicians whereas it should be the other way round. He explains:

“the (human resources) pyramid is upside down; we have 29 universities and higher technical colleges and 3 VET centres, which means these provide loads of managers but many fewer workers on the first line of production”.

Employers’ representatives reported that they and/or other employers they know resort to importing labour mostly from South East Asia. Only one senior employers’ representative perceived this trend as a threat not only to VET development but more generally to “national security”, as he comments:

“Employers suffer from this problem (low VET quality) and some employers started to resort to labour from South East Asia. I think this issue is linked to national security”.

The remaining 9 employers’ representatives consider this to be a practical solution to the problem of inadequate VET. An employer in the construction sector, together with other employers in the field, suggested this as a *solution* to the prime minister. He comments:

“There is another suggestion in a meeting that I attended with the Prime Minister, employers were complaining about the availability of land for expansion and lack

of technical workers and some employers asked to import workers; Indians for instance”.

Corruption is another challenge to VET and its development. Employers’ representatives have repeatedly referred to privatisation to exemplify corruption and conflict of interests; a significant impediment to the development of the VET system:

“the whole system is corrupt... there are some beneficiaries who benefit from the status quo... therefore, they do not want any change”

Finally, employers consider the *lack* of incentives to be another important constraint to their decisions to invest in VET and more generally in social dialogue. From their point of view, the government needs to provide them with more incentives, such as reduced taxes, and better access to foreign markets. For instance an employers’ representative comments:

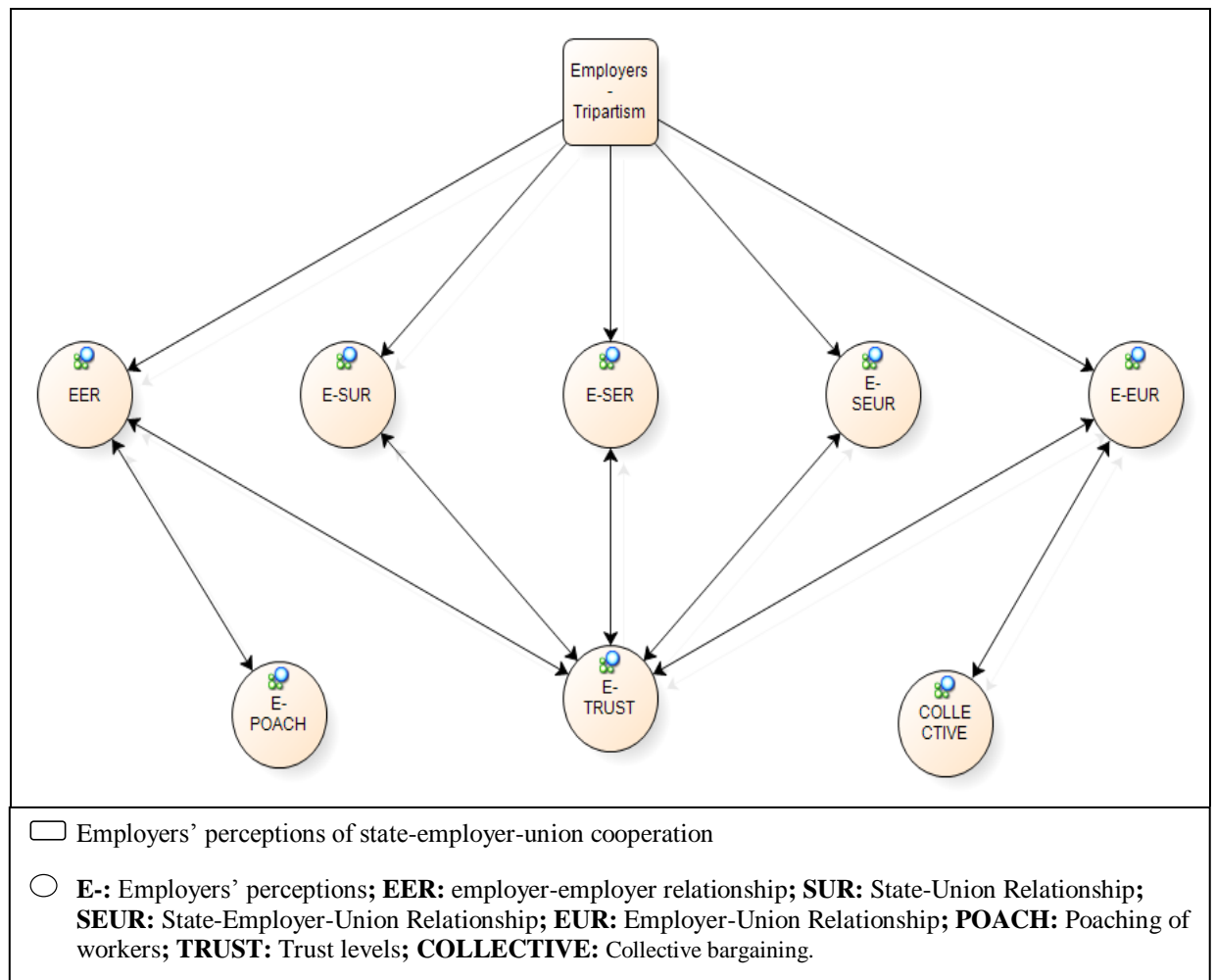
“There should be incentives; anyone who has a trained labour force, with work licences, would have to pay less social benefits, they would deduct training costs from taxes, for example, these are just some idea, would be given a priority in exporting, in subsidies”.

Though employers are the main and first beneficiaries from a better trained workforce, they are still complaining about the government’s low levels of incentives which they argue discourages them to engage in VET development. The private sector in Egypt already obtains a lot of benefits. An ILO expert commented on this issue and wondered:

“In a situation whereby you are practically not paying taxes, where the minimum wage is 120 L.E., the social cost, e.g. the accumulation of pensions are based on that, what type of incentive would you like to receive (to be incentivised)? (he paused for a few seconds)... (so there are) no mechanisms for incentives”.

7.3.1.2 Theme (2) Perceptions of state-employer-union cooperation in VET

NVivo Model 2: Analysis of employers’ perceptions of institutional actors’ cooperation.



Employers' perceptions of stakeholders' inputs into VET are directly related to the perceived state-employer-union relationship and levels of cooperation. These bipartite and tripartite relationships are discussed below.

i. State-Employer Cooperation

At first, employers' representatives reported strong and mutual relationships with direct Ministries and public bodies. Then, when questions were focused on perceptions of state-employer collaboration with regards to VET, responses were different. Employers were particularly asked about their relationships with MoMM, MoE and MoHE. Whilst these are not the only Ministries involved in VET, these are the key ones as indicated in the literature (see Chapter 5). Also, their services are not targeted on specific fields or sectors. For instance, the Ministry of Housing and Reconstruction is involved in VET but its services are mainly targeted to the building and construction sector. On the contrary, the services of MoMM, MoE and MoHE are supposed to target all sectors and employers regardless of their nature of activity. Reference to MoMM is also particularly important as it is the body representing the state in the ILO and its Social Dialogue Project.

Only 3 employers' representatives reported some kind of cooperation with Ministries other than their direct Ministry; mainly MoMM, MoE and MoHE. These are the same employers who had positive perceptions on the state role in VET centres. For instance, one of the employers reported that he and his colleagues in the Chamber discuss workers' issues with MoMM as he comments:

“we (representatives of employers) look into workers’ problems and discuss these with MoMM”

Another employer representative comments on his associations’ cooperation with MoMM and inputs to VET curriculum development:

“we are acting as a facilitator as we do not have direct control over (curriculum development in) colleges, academies or VET centres (but) we work with MoE, MoHE, MoMM and the market”.

And the third one comments:

“we have been working for 2 years now with MoE... on a couple of schools, we work with them on the curriculum.. and I am involved in the committee responsible for curriculum development, which has been promising”.

The majority of employers (the remaining 7) reported good relationships with Ministries directly related to their activities but they did not recognise any relationship with MoMM, MoE or MoHE. For instance, an employer in the field of housing and construction comments:

“(There is) No relationship with MoMM... We have regular meetings with the Ministry (of Housing and Reconstruction)... and at the same time we deal with other parties.. such as the ITC with which we work closely”.

Low levels of cooperation between Ministries in general were referred to by some employers. From the latter’s perspective, ineffective communication and cooperation between state representatives on a Ministerial level is reflected in companies’ weak

relationships with Ministries in different fields, even if these are as important as MoMM, MoE and MoHE to VET

A couple of employers expressed very negative views of MoMM in particular. Such a perception was only reported when respondents were probed on specific areas of their relationship with MoMM as regards VET, such as the training levy in the new Labour Law 12/2003. The 2 employers expressed their mistrust of MoMM's efficiency in allocating funds collected from the training levy. For example, a senior employers' representative in the food and beverages sector comments

“The 1% is not taken for training... I do not have an idea what you (MoMM) will end up doing with (training levy) (a few seconds pause). There is no trust between us and MoMM. I personally have no trust”.

It has been noticed that employers with positive perceptions of state-employer relations (across directly and indirectly related Ministries) tend to have positive perceptions of state inputs to VET system, especially to VET centres (see section 7.3.1.2). The stronger state-employer relations, the higher the tendency for employers to be updated with state services and subsidies to VET development programmes in the field. Thus, the chances of them positively perceiving, or at least recognising, the state's efforts in VET and its development are higher. Similarly, employers with negative perceptions of state-employer relations reported negative perceptions of state's inputs to VET systems. Ineffective employer-state communication reduces the tendency for employers to be aware of state efforts in VET development. Hence, the chances of them negatively perceiving the state's inputs into VET are higher. Therefore, it can be concluded that there is a positive relationship between perceptions of state-employer relations and of state's inputs into the VET system.

ii. Employer – Union Cooperation

Employers' representatives in general do not positively perceive their relationship with unions; a common perception internationally. Unions are largely perceived as bodies that exhaust companies' resources without adding any value to productivity or performance. An example of an employer's perspective on this:

“The role of unions in Egypt (is limited to) the rights of workers... the relationship (between employers and unions) will not be successful unless there are mutual benefits for both parties. (But at the moment) it is not a win-win situation”.

Employer-union cooperation is perceived to be limited to the resolution of disputes whenever these occur on a sectoral and/or enterprise levels. EFI representatives respond to unions' complaints on a sectoral level via negotiations, as described by a senior employer:

“(we) represent employers in the council of solving disputes and disagreements. If there is a disagreement they (the council) ask for an employer representative, so we send a representative from the relevant chamber to solve disputes in a friendly manner (before resorting to a court order for example)”.

Employers' representatives do not expect the relationship with unions to go beyond these limits into active engagement and/or collaboration in the business and its production processes, including VET. Nevertheless, this is not to say that union representatives⁶⁹ do not enjoy *good relationships* with employers' representatives. One of the employers' representatives in the textile sector stressed the fact that employers in his sector enjoys good relationships with union heads who tend to prioritise employers and their rights over workers' demands. He stated:

⁶⁹ Union representatives here refer to senior ETUF officials as indicated before.

“I think people in charge of the union are on very good terms with employers. They (union representatives) have set certain standards for this (employer-union) relationship; the more they strengthen their relationship with employers, and the more they support the employer’s position, and not the worker (emphasis added), the more they guarantee job security for workers. So this is the vision of the General Union for Workers in Textiles. I would like to tell you that when we have problems as employers, we find the union with its board (of executives) preceding us in defending employers’ rights because they are convinced that when they defend the employer... they guarantee the continuity of workers on their jobs. So there are no disagreements (with unions)”.

This comment is an indication of the ineffective representation of ETUF ; an issue raised by the ILO. It also indicates the ineffective mechanism of collective bargaining as unions tend to defend the rights of employers and not workers which signifies some levels of corruption and conflict of interest within the ETUF. All of which helps explain the exceptionally high levels of strikes in the textile sector (see Chapter 5).

In summary, employers’ negative perceptions of employer-union relations, reinforced by ineffective communication and lack of transparency, weaken any potential cooperation between both parties in VET. Such an incoherent relationship is historically rooted (see Chapter 5) and thus less likely to change in the short to medium terms.

iii. State – Union Cooperation

Employers' representatives consider the state to be giving more attention to workers and their rights than to employers. This contradicts unions' perceptions of state-employer relations, as discussed later, as they consider the state to be more supportive of employers than workers. A balanced relationship is considered to be vital at this point as pointed out by:

“I should give employers their rights just as I give workers their rights”

From employers' perspectives, state support to unions is limited to problem solving. Employers consider the state, represented in MoMM, to be overwhelmed with solving workforce issues, such as unemployment, migration and privatisation-related problems, than with setting long-term strategies for VET development of Egyptian workers, an employer comments:

“they (MoMM) are trying to solve current and short term problems but they do not have a (strategic) plan”.

According to the literature, the state with the assistance of international organisations is offering much support to VET development to enhance skill levels of Egyptian workers. Nevertheless, these efforts are not recognised by employers; an indication of ineffective communication and/or the relative ineffectiveness of VET investments. The latter issue is related to Hollingsworth and Boyer's (1997) ideas of Social Systems of Production; what is the competitive advantage of the economy, what skills and VET investments are required to maintain this advantage and so forth. This is an important area of investigation worth exploring in future research. Finally, limited state-union relationships challenge the extent to which the MoMM can effectively collaborate with unions to develop VET systems; an issue explored later from the viewpoints of other constituents.

iv. State-Employer-Union Collaboration

Employers' largely negative perceptions of their relationship with the state and unions and of state-union relationships can only lead to negative perceptions on state-employer-union relationship and collaboration. Employers' representatives failed to recognise any form of tripartite cooperation between themselves, the state and unions. They perceive tripartite cooperation as some kind of social and/or charity work which is far from the real meaning of tripartism and social dialogue (as discussed in details in Part 2). A common comment about state-employer-union relationship is along the lines of this comment:

“social dialogue is an obligation on employers; employers always have... a social responsibility towards their workers”

According to employers' representatives, tripartism, social dialogue and corporate social responsibility hold the same meaning. On the contrary, according to the ILO, the social dialogue and tripartism it attempts to promote in Egypt is not simply an *obligation* on employers to meet corporate social responsibilities but it is rather a broader and more sophisticated process. Arriving at a mutual understanding of the concept of social dialogue and its purposes is critical to the success of the ILO SDP.

v. Employer – Employer Cooperation

Levels of employer-employer cooperation are directly related to their levels of investments in VET as discussed in the literature. Only one of the employers' representatives had positive perceptions on employer-employer relationships in the field of mining (a sector known for its strong employers' associations on an international level). He reported some cooperation from employers, although it is still on a very limited scale: cooperation amongst 80 out of almost 1000 companies in the field. He comments:

“We (his company and others in the field) have participated (with the state) in the development of the technology centre for marble (VET centre)... The centre has been there for 5 years and (only) 80 companies have participated and benefited from this centre as opposed to 1000 marble companies in Egypt”.

Nevertheless, this and similar examples are exceptions to the general perception of largely ineffective employer-employer cooperation, as reported by the other 9 employers’ representatives. A senior representative says:

“Unfortunately, there is no cooperation between employers in Egypt”.

As a result, employers are not eager to communicate with one another. Even within chambers, employers’ representatives report low levels of interest in holding the monthly meetings and in some sectors, such as Building and Construction, meetings cannot be held for as long as two months or even more. On this matter, a senior employers’ representative comments:

“theoretically, a monthly meeting (with employers in the chamber) and sometimes once every two months. But the agenda and topics of discussion (are not necessarily clear) (with very pessimistic body language)”.

Only one employer, across those with unfavourable employer-employer perceptions, expressed his willingness to establish cooperative relationships with employers in the field. He comments:

“We are working as separate islands, every one of us works alone, there is no cooperation... why do we not join forces and complement each other instead of competing?”.

vi. Poaching of Workers

Lack of cooperation between employers on a sectoral level is one of the direct reasons for this issue which all employers' representatives in this study referred to as a "serious problem". For example, a representative in the construction sector commented:

"A lot of people (employers) complain about this issue, it is a very common and critical issue... that negatively influences VET (and its development).... There should be a moral agreement not to poach workers from other employers".

It happens that workers leave for as small an increase in pay as 10 L.E.. So employers resort to a number of techniques to incentivise workers to stay with them:

"Some employers oblige workers to sign contracts with penalties (if they leave the company after training⁷⁰)... and (other employers) attract them (workers) with good pay, good working conditions and more benefits".

Lack of industry-wide collective agreements encourages employers to compete on wages. The poaching of workers discourages employers to invest in VET and they are likely instead to rely on the skill reserves in the market in the form of competitors' workers. Public policies to develop VET can offer a way out of this dilemma where the state would take on the lead for developing VET and more generally skill levels of the workforce, as suggested by Becker (1964). However, this can only be effective in an ideal situation with high levels of transparency and trust between constituents, which is not how things are in Egypt. Also, the experiences of developed countries suggest that a minimum level of cooperation between tripartite constituents based on a minimum level of trust between the parties is required for the provision of effective VET.

⁷⁰ This is an illegal practice but still some employers do it.

vi. Trust Relations

Employers do not have high levels of trust in workers, the state or in each other. They are not willing to share information with other employers whenever invited by the EFI or the state, even if this is expected to be beneficial to their businesses, as in the case of VET development. One employers' representative gives the example of an incident where employers were complaining about the low levels of VET. When invited to share their perceptions on how to improve the situation, it was found that:

“they do not want to provide information. They have no trust; how this information is going to be used and by whom”.

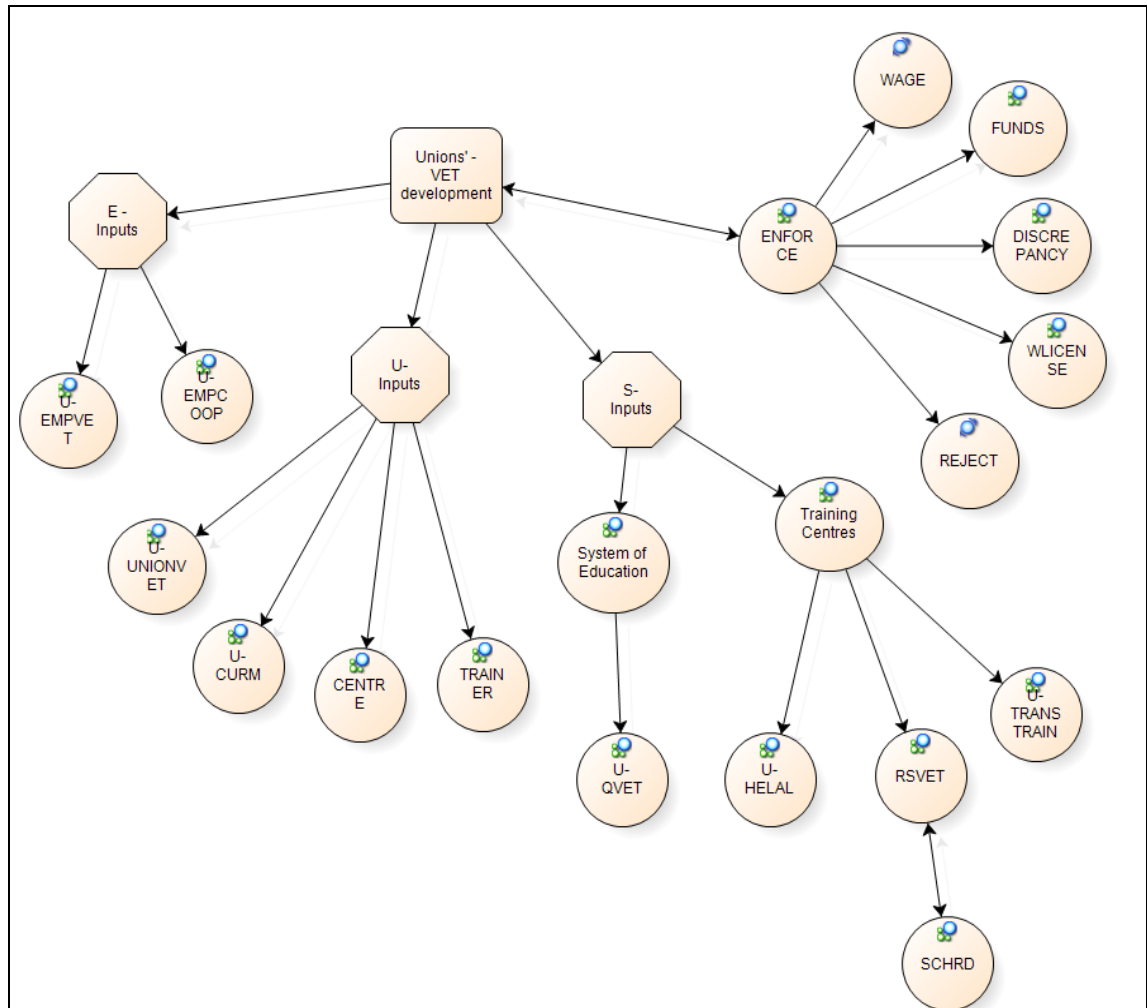
These explain employers' unfavourable perceptions of the role and potential cooperation with the state and unions in the provision of VET which are likely to negatively influence the potential success of social dialogue and ILO SDP.

7.3.2. PERCEPTIONS OF UNION REPRESENTATIVES

7.3.2.1. Theme (1) Perceptions of VET and its Development

Unions' perceptions of VET and of the contributions of the state, employers and unions to VET development are explored in this section, as shown in Model 5. This is followed by a discussion of perceived constraints to VET development.

NVivo Model 3: Unions' perceptions of VET inputs



□ Unions' perceptions of state, employer and union VET inputs

⬡ **S-Inputs:** State VET inputs; **U-Inputs:** Union VET Inputs; **E-Inputs:** Employers' VET inputs; **Challenges:** Challenges facing VET investments

○ **E-:** Employers' perceptions; **EMPVET:** Employers role in VET ;**EMPCOOP:** Employers VET cooperation levels; **UNIONVET:** unions VET role; **CURM:** Engagement in curriculum development; **CENTRE:** Whether the union has its own VET centre; **TRAINER:** VET teachers and trainers; **QVET:** VET quality; **HELAL:** TVET reform programme ;**RSVET:** state role in VET;**TRANS.TRAIN:** Transformative training; **SCHRD:** Supreme Council for Human Resources Development; **ENFORCE:** Unenforced articles and laws; **REJECT:** Rejection to answer the interviewer (or request to switch off the recorder);**WLICENSE:** Work licence; **DISCREPANCY:** Discrepancies between Egyptian laws and ratified/core ILO Conventions; **FUNDS:** Sources of funds for VET development; **WAGE:** Wage levels.

a. The Educational system

Union representatives also have unfavourable perceptions of VET and its quality. They consider the state to be more concerned with the *quantity* than the *quality* of VET outputs. A union representative comments:

“The Ministry of Education (MoE) is concerned with achieving (certain) numbers of student enrolments in VET, so for MoE to deliver quality training.. (silence and body language indicating that it is a challenge)”.

They perceive VET to be focused on theoretical than practical knowledge and even the former is not perceived to be of high quality. Thus, individuals leave VET with low levels of skills and knowledge, together with a poorly perceived qualification. One of the comments on this respect:

“Graduates from technical colleges and universities are just some kind of décor⁷¹, they do not know anything”

Rapid technological changes complicate the problem as some vocations have become obsolete and been replaced by others that rely on advanced tools and materials. The relatively outdated VET in Egypt; in terms of curriculum, machinery and tools, makes it difficult to deliver graduates in these new specialisations. A union representative in the field of building and construction gives an example:

“(VET) provides graduates in vocations not required by the Egyptian economy (anymore) ... (some vocations) started to become obsolete due to new technologies and developments. For instance, we used to use wood for making scaffolds but now scaffolds are made of metal and are controlled by computerized system...so they (workers) need to learn these new developments and technologies in the vocation”.

⁷¹ Meaning their qualification is decorative; of little practical value. Although they have the qualification, they do not possess the skills, knowledge or experiences expected to be offered by such an education.

b. Training Centres

In general, union representatives consider state owned VET centres to be a practical and relatively effective way of upgrading workers' skills. Unlike employers, union representatives did not refer to the ITC or the IMC, an indication of the marginalisation of unions in the process of VET development run by MoTI. Union representatives however referred to the PVTD and the TVET Reform Programme.

ETUF has been engaged with the PVTD and its activities since its establishment in the 1950s, hence their favourable perceptions of PVTD outputs. For example, the ETUF has been directly involved in supplying PVTD with trainers⁷². A senior union representative comments:

“trainers are employed (in PVTD) through the union. There are certain qualifications (required), for example they should be graduates of technical schools and colleges and are teachers (not practitioners)”.

However, this role has been gradually reduced and the ETUF is now only concerned with *selecting* trainers from the pool of union members. A senior union representative says:

“we used to pay close attention to trainers and we used to... provide qualified trainers but this system has been cancelled”.

Due to this long-established relationship, union representatives favourably perceive PVTD and its outputs. For instance, a senior union representative assured the researcher:

⁷² The quality of VET teachers or trainers is one of the main challenges facing VET in Egypt, as argued in the literature (e.g. see Gill et al., 2000; Abrahart, 2003; ETF and World Bank, 2006).

“I can tell you that something like 90% of trainees from the PVTD centres find jobs straight away”.

But they find jobs in the public sector, which is not an indicator of the quality or skill levels of these workers, as efficiency is not a criterion for recruitment in the public sector (Ikram, 2006; El-Mikawy and Handoussa, 2002). PVTD trainees have fewer chances of finding jobs in the private sector which is concerned with the quality and skill levels of workers, especially since private sector employers have unfavourable perceptions of the PVTD (see Chapter 5).

The TVET Reform Programme recognises the potential role of workers in VET development, but workers’ involvement is not yet effectively articulated. The programme was mentioned by one senior union representative; he was commenting on the high costs of VET and its development when his assistant, who happened to be in the office at this point in the interview, commented:

“this (TVET Reform Programme) is not a serious project, they have already invested 40 million Euros⁷³ where is all of this money gone?”

The senior representative did not comment on this implicit reference to corruption but he had a clear facial expression indicating his consent with this statement. He chose not to discuss this further.

Union representatives referred to transformative training which has been considered by the government, represented in MoTI, to be one of the short-term solutions to the problem of mismatch unemployment and it has already implemented this approach through the ITC. Union representatives perceive the idea of transformative training to

⁷³ According to the ETUF the programme is 66 million Euros.

be a good initiative by MoTI. However, all of them agreed that the idea is not popular amongst young workers. From their viewpoint, young individuals are not keen to change their field of specialisation, especially if they are university graduates, to have a technical and/or vocational job. They expect more comfortable and prestigious jobs . A union representative comments:

“young people are not receptive to the idea of transformative training... they want to sit on desks in air conditioned offices... they want ‘easy’ jobs”

ii. Perceptions of Employers’ Inputs

Union representatives do not positively perceive employers’ inputs to VET systems. From unions’ perspectives, employers do not appreciate the value of VET and hence are unwilling to invest in it. For instance, a senior union representative comments:

“Employers themselves do not want to send their workers to be trained... The philosophy of VET in companies is problematic; to send their workers (on VET programmes) is to ‘waste’ their time in training, so the mindset and appreciation of VET is still lacking”.

Union representatives also criticised employers’ unwillingness to financially support VET despite employers’ complaints about the unavailability of required skill levels in the labour market. A union representative comments:

“Employers should (financially) share in VET programmes... when you (employers) complain you cannot find labour with required skill levels, you need to be prepared to invest in VET; so you should take people, train them and invest in them”.

iii. Perceptions of Unions' Inputs

Unions' input into the VET system and its development is generally less than that of employers but still is relatively high by regional and international standards. Two unions own VET centres; the General Union for Workers in Wood and Construction and the General Union for workers in Land Transport. The latter provides basic training to drivers. The former established its VET centre with an American grant and it is of a relatively high quality and technological standard. There is some form of cooperation between the union's VET centre and MoMM as indicated by the union head:

“(some trainees) are referred to us by MoMM. Those are fresh graduates from technical colleges and universities who did not have the opportunity to have practical training”.

Apart from these two unions, others do not expect to have their own VET centres as they do not consider VET to be within the scope of their responsibilities. They are rather concerned with enhancing members' awareness of important work-related issues. For instance on union representative comments:

“A union should not have a VET centre. Training centres that the ETUF owns are centres for enhancing the general knowledge of union representatives and members, such as how to negotiate, work insurance, health issues and other things that have to do with the union's work but not to do with the specific task or vocation of members. Such specified training takes place within the company and each company has its own conditions”.

From unions' perspective, an important contribution to VET is their representation on the Supreme Council of Human Resource Development (SCHRD). As discussed before (Chapter 5), the SCHRD, at least in theory, is the main body responsible for

VET development on which key VET stakeholders are represented. Employers and ILO representatives are critical of SCHRD effectiveness. Nevertheless, union representatives appreciate being part of SCHRD's board of executives, though they did not provide a relevant answer as to why they think such contributions are effective to VET development. So when asked about their involvement in designing VET, a senior representative comments:

"I am a member (of SCHRD)... It has been formed under the auspices of the prime minister and the minister of MoMM is responsible for its operation, and the minister is responsible for solving the problems of the workplace. Whenever there is a problem, he gathers the three parties to discuss these problems. And all of these issues are limited by material capacities".

He was probed as to why this is an important contribution to VET from his point of view, and how the SCHRD has been effective, but for the four different questions he was asked about this point, irrelevant answers were given, for instance:

"We do not have to establish VET centres to train. Candidates can have their academic education in educational institutions and then once they finish I (the state; he is not talking about unions here) can try to agree with companies on taking certain numbers of individuals to be trained. The PVTD were the first ones to do so".

Union's inputs to the design and delivery of VET are very limited. Their role in developing curriculum is negligible, if existent at all. For instance, a senior union representative gave an irrelevant answer when asked about union's role in curriculum development, after a few seconds of silence he replies:

"I will tell you what kind of curriculum. When I have a problem, I consider the problem, its dimensions and its requirements, to be able to solve this problem. I

should have a reference to all VET centres and their capacities. The ones which are productive and are effectively producing labour, the skills which are not provided by these centres, can we upgrade these and how can we do these, who is going to deliver the training? Therefore I need academies and colleges to provide me with trainers.. it is a chicken-or-egg question”.

ETUF contributions to VET are relatively high in comparison to unions in the MENA region. Nevertheless, their inputs are limited in comparison to employers’ representatives. This tendency can be largely explained in terms of the historically rooted hierarchical social structures, as discussed before⁷⁴. Other reasons could be: (i) unions are not given the opportunity to effectively express their views and even when represented in bodies such as SCHRD, they are largely ineffective; and (ii) because unions themselves do not consider engagement in VET and its development to be of their concern.

iv. Challenges: Ineffective Enforcement Mechanisms

Union representatives pointed to a number of issues for which the lack of enforcement has directly and/or indirectly influenced VET. All union representatives commented on the work licence which, according to the new Labour Law 12/2003, is a formal requirement for employment and it is only issued to workers who meet certain levels of VET. This article can positively influence VET by encouraging both employers and workers to invest in quality VET programmes; however, the article remains unenforced. A union representative comments on this matter:

“Labour Law No.12/2003 states that each and every worker should have a work licence to be able to practice their vocation. In order to get this licence, the

⁷⁴ e.g. Cooper, 1982; Beinin and Lockman; Posusney, 1997; El-Mikawy and Handoussa, 2002; Ikram; 2006.

worker needs to undergo a training programme may be an intensive one for 3-6 months and accordingly he gets this licence. Therefore, in the future employers will not be able to take up any employment contracts unless workers do have this licence, like any country in the world... in future employers will be obliged to invest in training their workers”.

He refers to the work licence as a *future* matter that would eventually be practised and would eventually influence VET, although it is already present in the constitution. A more senior representative argued that the work licence has been effective, especially in the construction sector. The senior representative comment below contradicts these points, as he reports:

“this issue (work licence) is in operation with foreign entities and international agreements, the problem in Egypt is: who adopts this project.. this project is in operation especially in the sector of construction”.

However, the representative of the General Union for Workers in Construction stated that the licence has not been enforced yet. The latter viewpoint was also reported by ILO representatives. The licence is only practised in land transport. All drivers need to have a driving licence which is obtained once workers undergo necessary training and register with the General Union for Workers in Land Transport. This has positively influenced both union membership and VET in that field:

“According to law, every three years in order to renew their driving licences, they (workers) need to pay union membership as well as the social insurance⁷⁵ ...And (therefore union membership) expands quite naturally”.

⁷⁵ A practice established since Nasser’s populist regime.

Employers' and workers' reluctance to invest in VET is another challenge reported by union representatives. According to them, after privatization and openness of the market to the private sector, employers have relied on experienced public sector workers. Today this *reserve* of workers is running out and employers need to invest in VET. However, a lot of employers have relied on poaching which has become a very common practice with negative results. For example, it encourages companies to compete on wages which are low on average and discourages employers' investments in VET. A union representative comments:

“When investments flew into Egypt and we opened the door to private investments, private companies relied on public sector workers; the government invested in these people and it trained them...He (the employer) should invest and share in VET... (employers) argue why should I train workers and then they leave me and go to another employer... you cannot really find a solution to this problem. (One solution is) to oblige the worker to agree in writing to work for the employer for a number of years after the training programme”.

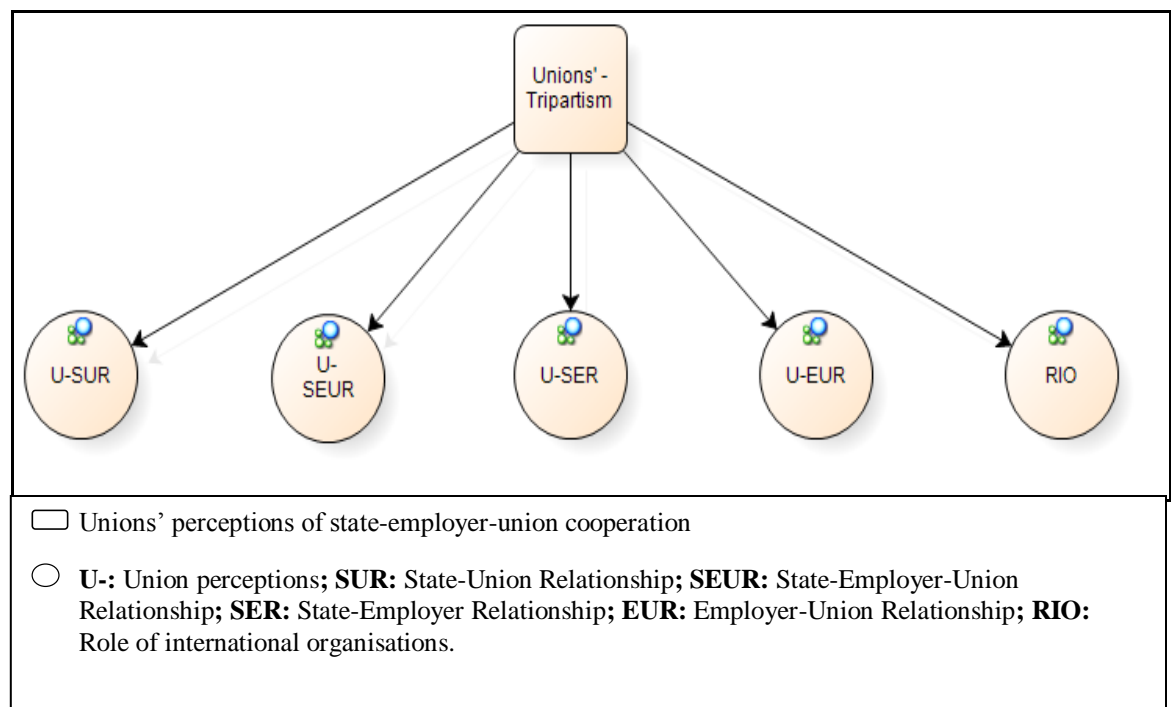
Workers' unwillingness to invest in VET is perceived to stem from low wage levels. Despite the availability of a Supreme Council for Wages (see Chapter 5), it has been largely ineffective in setting minimum wage levels for Egyptian workers (CTWUS, 2010). Therefore, a lot of workers end up working at least two jobs at two different places, an example is given by public sector workers though those working in the private sector are not better off:

“public sector employees who earn about 300 -500 L.E. per month.. they just go and sign in the morning (for attendance) and in the afternoon they leave to work elsewhere where earnings can be 500 times as much as what they earn from this public sector job”.

Although some VET centres offer trainees pocket money, these do not exceed a third of what they normally earn. Enforcement of the work licence and minimum national wage levels are expected, at least in theory, to support VET in two major ways. First, it will oblige employers to invest in VET, as they will need to have licenced workers. Second, workers will have the time and resources to invest in VET and their investments will be rewarded in the market. Nevertheless, these theoretical implications cannot be guaranteed in reality where law enforcement is challenged by low levels of transparency and high levels of corruption. Hence, the extent of effective law enforcement will dictate the degree of positive influences on VET.

7.3.2.2. Theme (2) Perceptions of state-employer-union cooperation in VET

NVivo Model 4: Analysis of unions' perceptions of state-employer-union cooperation



i. Employer-Union Cooperation

Unions do not consider employer-union relationship, where they exist, to be based on cooperation towards the achievement of mutual benefits. They consider employers to be exploiting workers without giving them enough compensation, including pay, health and social insurance and other benefits. They also point out to employers' reluctance to the establishment of unions in enterprises; a tendency for employers on an international level. However, in Egypt, penalties for organising workers on an enterprise level can be as severe as losing one's job, as reported by workers. Some employers oblige workers to sign blank resignation letters upon their hiring (Cammett and Posusney, 2010), making it easy to fire workers whenever convenient, for example if they attempt to organize colleagues. This is explained by a workers' representative:

“If the employer notices that some workers are trying to organise others in the enterprise, he will threaten workers... employers oblige workers to sign application six (resignation letter) upon signing the work contract which makes them redundant... so if the worker decides to do anything against the employer or to report any violations (at work) to any party, the employer can just bring out this piece of paper and simply lay him off”.

Only one instance of employer-union cooperation was reported. The General Union of Construction and Woodworks workers has succeeded in establishing three collective agreements with three cement companies in the private sector (see Chapter 5). Negotiations *started* as a result of the sit-ins organised by workers in the three factories. Unlike the privatised company, the union could not afford to hire experienced lawyers and thus it relied on its own representatives. The union's limited experience in collective bargaining has limited the benefits obtained. Nevertheless, this is a positive example of employer-union dialogue on a national and a regional level.

On the VET front, instances of employer-union cooperation are limited to (i) the General Union of Workers in Construction; and (ii) the General Union of Land Transport, which have their own VET centres. The latter enjoys a more powerful position than the former *vis-à-vis* employers because (i) all *licensed* drivers are members of the union; and (ii) the union does not interact directly with employers with regards to workers' benefits and rights as indicated by the union:

“employers meet our needs because they need (licensed) drivers; because the benefits we ask for do not involve direct interaction with the employer.. so the interaction is more between drivers and the union; no direct contact with the employer”.

ii. State-Employer Cooperation

Unions' representatives perceive state-employer cooperation to be relatively high which is not considered to benefit workers. All union representatives referred to the process of privatisation in which the state is perceived to be *pleasing* national and international investors at the expense of workers. They reported that although negative influences on labour could have not been intentional, the state could have avoided these problems by being more attentive to workers' rights during the privatisation process. For instance, a union representative comments:

“The state made a number of ‘facilitated policies’ to encourage investments. They allowed investors to lay off ‘extra’ workers in privatised companies and to compensate workers with what became to be known as ‘early pension’⁷⁶... the state did not put enough guarantees to protect our rights, and the state is still responsible for this issue”.

⁷⁶ See section 5.6.3.2.

Union representatives call for effective punishment mechanisms by the state on employers who do not take into account the needs and rights of workers as indicated by law. One union head states:

“the state should be able to confiscate and nationalise any company that violates the labour law, but of course these are against national policies, against investment policies and against freedoms”.

Employers, as discussed above, do not seem to appreciate state support which, according to unions’ representatives, exceeds the support provided by the state to unions in some instances such as the case of privatisation.

iii. State-Union Cooperation

Responses of unions’ representatives were diplomatic as they reported a generally “good relationship” with the state but later in the interview they were critical of state-union relations during privatisation. Also, they were not able to exemplify on such good cooperative relationships, apart from one representative. He referred to state-union cooperation through the union’s VET centre. He comments:

“We have cooperative agreements with MoMM, with the Federation of Contractors (this is in EFI⁷⁷) and with MoTI. The most important partner is MoTI because it offers trainees good pocket money (and) good training”.

But it seems that MoTI is not “the most important” partner as stated since later in the interview the same unions’ representative did not recognise the role of MoTI in his comment:

⁷⁷ this is largely denied by employers’ representatives in the chamber though.

“We only deal with the MoMM.. there is no cooperation with other ministries”.

A union representative called for “*coordination between the MoMM, the ETUF and MoE*” especially with regards to VET. However, he considers the main reason for the lack of these relationships to be “*routine*” and the relative inflexibility of the system; a challenge also cited by employers’ representatives.

Union representatives criticised the negligible levels of state-union cooperation during privatisation which led to unfavourable consequences for workers. All of them referred to the loopholes in privatisation contracts that reduced workers’ rights. For instance, public sector workers are entitled to a 10% share in profits. After privatisation, some companies refused to distribute the 10% arguing that there is no indication whether this is a percentage of gross or net profits. On that matter, a senior union representative comments:

“at the time of privatisation... (the state) did not change the laws to enable workers to obtain their rights... as long as there are profits, workers are entitled to 10% (of profits)... (but) Law No. 159 should entitle workers to have their 10% share without any intervention from the annual meeting of shareholders (as it is the case in some privatised companies)... (but) the state does not want to cause problems. We are the ones who enable our workers to have their rights”.

iv State-Employer-Union Cooperation

Some union heads acknowledge the existence of a tripartite relationship, for instance a workers’ representative gives example of the Supreme Council for wages (see Chapter 5) on which state, employers and unions are represented. This is a very good example of tripartism but it turns out later in the interview that:

“This council was agreed upon about seven years ago (emphasis added), we agreed on the establishment of this committee under the auspices of the prime minister, thus an agreement was reached between MoMM.. EFL. and ETUF but until now the meeting to agree on paying social benefits to workers has not been set yet... if the framework from the very beginning is not practiced, so... (a pause of silence) we as workers are very happy that we are cooperating with employers, but employers (are not willing to cooperate)”

Another union representative reported employers’ unwillingness to engage in a bilateral dialogue with unions, as advised by MoMM. The representative comments:

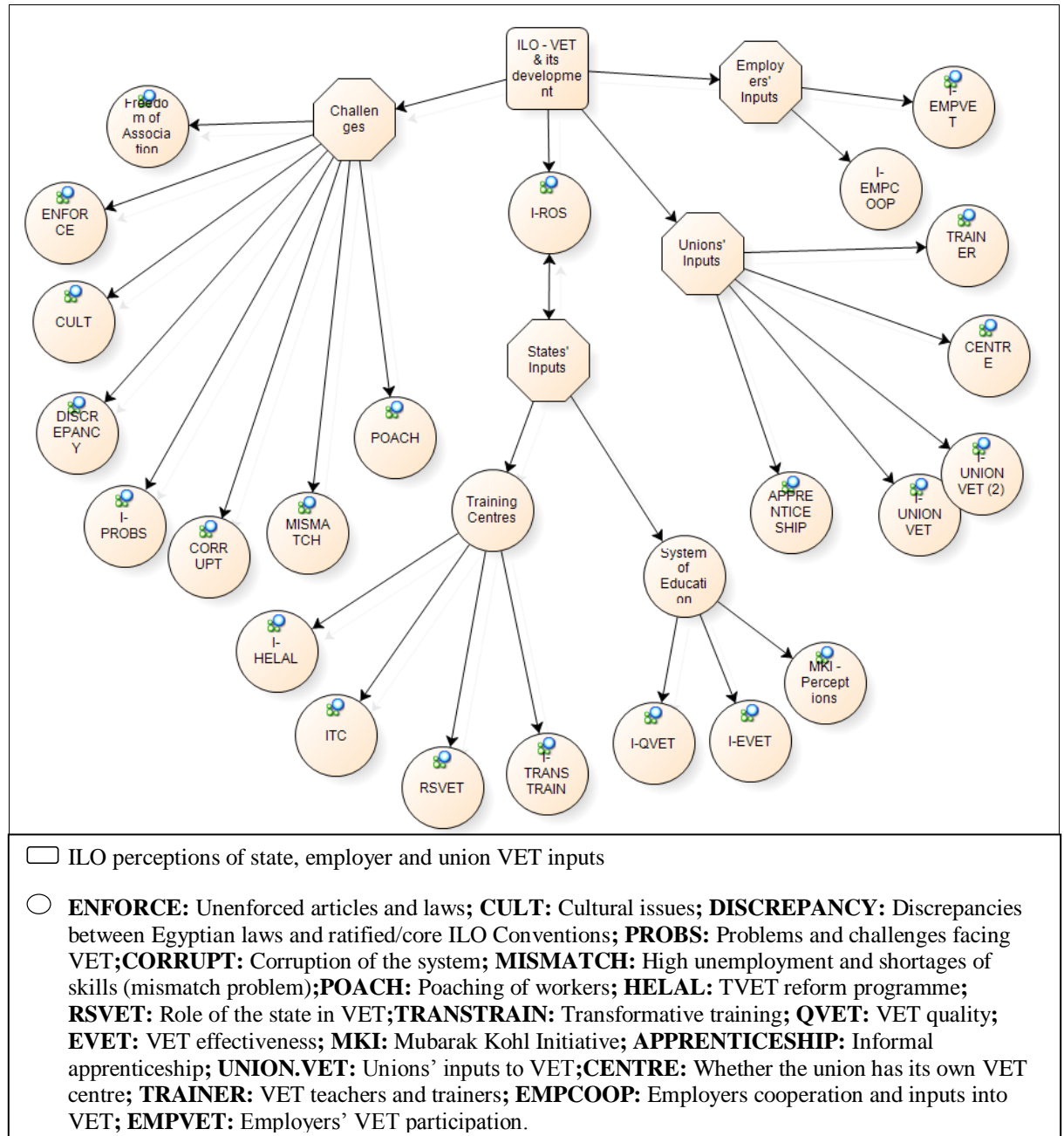
“MoMM intervened (in the dispute)... and concluded that both parties need to discuss the problem, so if one of the two parties does not want to engage in a dialogue, so what then?!”

In theory, there is some state-employer-union cooperation but this is not the case in practice. Most employers are reluctant to agree to any form of dialogue with unions. This is not surprising given the unfavourable employers’ perceptions of ETUF and its role in VET and more generally as a social partner, as discussed earlier. The inefficiency of workers’ organisation in Egypt; rooted in post-1952 developments and widened by economic liberalisation (see chapter 5) has reinforced the inefficiency of bilateral and trilateral relations in Egypt, which have negatively influenced VET.

7.3.3. PERCEPTIONS OF ILO REPRESENTATIVES

7.3.3.1 Theme (1) Perceptions of VET and its Development

NVivo Model 5: Analysis of ILO perceptions of VET and its development



i. Perceptions of State's Inputs to VET and its Development

In general, ILO representatives consider the Egyptian state to be taking positive but very slow steps towards enhancing VET. The ILO works primarily with MoMM but in the field of skill development including VET, the ILO works and communicates with other state bodies, such as the Ministries of Tourism, Education and Investment.

a. The Educational System

Like employers' and workers' representatives, ILO representatives perceive VET to be falling short of meeting its objectives as it is quantity rather than quality oriented. Quality VET is difficult to attain given the range of functional problems faced by the system as indicated by a senior ILO representative:

“the institutionalised VET (system) should perform its role; (at the moment) they are not doing their job... the problem here, and this is not limited to Egypt, is that VET systems are either not working or are producing qualifications that are far from what is needed by industry... you have VET schools which do not exist, or are no longer working, or of curricula that are not updated, or teachers who are not motivated and so on and they produce low quality”.

According to ILO representatives, the Egyptian state is facing a twofold challenge as it needs to enhance the quality of VET while: (i) coping with the increased numbers of individuals joining the system; and (ii) upgrading the skill levels of individuals who are already working. An ILO expert is not confident the state's capacity to cope with these challenges, as he comments:

“First, the system producing skills is simply not capable of coping with this enormous demographic increase. Second... before you are capable of producing programmes, schools, teachers etc, i.e. a new educational system, these people are

entering the labour market... the system has lost its capacity... (it) cannot cope with these quantities”

ILO representatives particularly referred to MKI as a major attempt by the Egyptian state to enhance VET. All of them agree on the high quality of the project designed and implemented by Gtz in cooperation with MoE. They were critical though of two aspects. First was the attempt to replicate the German model in a completely different context as Egypt, for instance:

“I personally I think it was a conceptual mistake; thinking of replicating something which is unique, which is based on unique circumstances”.

Second was the reluctance of MoE to expand the scope of MKI on a national level. A senior ILO expert comments:

“Egypt is trying to adopt the German (VET) model through MKI. I am entirely sure it has been a success. It has been run in an excellent manner by the Germans together with MoE... (but) the question is: after 15 years of piloting such an experience, which is a typical tripartite and a social dialogue response to the mismatch of skills in the labour market, I am wondering why MoE is not adopting it?”

The ILO representative recognises the difficulty of implementing the German VET model in Egypt. He describes it as a ‘conceptual mistake’ due the unavailability of effective institutional structures capable of supporting the dual system and hence the MoE is not adopting it on a wider national level. His comments raise concerns about the ability of the ILO SDP to establish an effective tripartite dialogue in such an incoherent institutional framework that could be effectively recognised and supported by all constituents.

b. Training Centres

Similarly, ILO representatives perceive the quality of public owned VET centres unfavourably. A major constraint on the development of these VET centres is perceived to be the fragmentation of the system and development efforts. A senior ILO representative gives an example of the state's success in developing of 105 skill standards in association with the British Council. This achievement however had soon been challenged with the fragmentation of the system as the government had been searching for a public body to *sponsor* and support the project and continue its development. The project was *passed on to* different bodies and ended up in the hands of a foreign (it is not international) organisation; the Scottish Qualifications Authority. According to him, this bombardment *“means we are far away from anything on the ground (anytime soon)”*. He referred to this instance, saying:

“In Egypt... 105 skill standards have been developed by the British Council in the beginning of (the year) 2000 and was out in the hands of the SFD (Social Fund for Development) which then passed it on to MoTI and then MoTI was trying to decide whether these should be further developed by TVET (Reform Programme) supported by the EU or by PVTD department or to be developed internally... then, it recently came to my attention that the ITC.. which is also very much connected to MoTI, decided to involve the Scottish Qualifications Authority to produce other skill standards”

ii. Perceptions of Unions' Inputs

Unlike employers' and some union representatives, ILO representatives, appreciate the importance of unions' inputs to VET and its development. For instance, an ILO representative comments:

“The viewpoints of senior workers are important... to improve production and to provide feedback based on the experiences of the people who are actually working on production lines, which is important for overall (VET) improvement”.

The ILO is trying to enhance workers’ awareness of their role in VET and more generally in other work-related issues, as part of the ILO activities in Egypt which include, amongst other things, the ILO Social Dialogue Project as discussed in Part 2. At the time being, unions’ inputs to VET are perceived to be relatively low mainly due to unions’ lack of appreciation of their role in VET and its development:

“Unfortunately, workers (and their representatives) are not aware of their role in VET”.

ILO representatives were critical of SCHRD, which union representatives were pleased to be part of, and its effectiveness in representing social partners. For example, a senior representative comments (after whispering and wondering why the researcher has asked him about the SCHRD):

“The Supreme Council... has not, so far, been able to have an influence on (VET) as expected, is it because of its composition, or because the players have different weights as institutions and their institutional weight is mirrored in their willingness and capability to participate in team roles (a pause and body language indicating he does not know)”.

iii. Perceptions of Employers’ Inputs

In general, ILO experts do not consider employers in Egypt to be willing to participate in VET systems. For instance, a representative comments:

“I think in the short run, the answer (to employers’ engagement in VET) is: very simply - they do not engage in VET. De facto; they do not do it, they take initiatives but they do not want to engage in consultation. For many different reasons, all of them are good ones, but of course as a rapid response... this is not a socially viable way of doing things (emphasis added)”.

Employers’ inputs are perceived to be largely non-existent for a number of economic and social reasons, such as low levels of competition in the Egyptian market and employers’ interest in maintaining low wages levels. On this, an ILO expert comments:

“In certain industries, what makes Egypt different in the eyes of (national and international) employers now; Egypt is a good stock of cheap labour and so even if you are not entirely competitive on production processes you can regain competitiveness in the final price; not by maximizing production but by minimising costs (including primarily labour costs)”.

These issues and a number of other social reasons (discussed below under challenges) give employers little reason to invest in VET, especially in a context where competition is based on price. This is completely different from the German case in which competition is based on quality rather than price and thus consistent development of the workforce is an important requirement and a worthwhile investment.

A few exceptions have been reported by ILO representatives working in SECTOR⁷⁸. SECTOR is working on raising the levels of competitiveness of two sectors; tourism and textiles/ready-made garments. In these sectors, employers are perceived to play a

⁷⁸ SECTOR is one component of the Social Dialogue Project as discussed in the literature.

more active role in VET and its development since they are competing with international players, as discussed in Chapter 2. According to ILO representatives working on these projects, employers are more willing to cooperate with the state to raise the levels of VET as they understand the positive influence such a policy can have on upgrading the quality of their workforce required for enhancing their national and more importantly international competitiveness. The same interpretation has been provided by national and international bodies, such as the Egyptian National Competitiveness Council (2009; 2010), the OECD (2010) and the World Economic Forum (Schwab, 2010). For instance, in the sector of Tourism, employers represented in the Egyptian Tourism Federation play a role in VET as their staff need to be effectively trained to offer a high quality service to tourists; international customers. An ILO expert comments:

“Egyptian Tourism Federation, with the assistance of the American Hotel and Lodging Association and the Irish Training Authority, has developed skills standards, they have about 120 trainers in place and by the end of this year they told me they would have managed to train 100,000 people, which is just a drop in the ocean to be honest, but the industry is very clear on this matter; if they want to increase rates of tourism and to keep this somehow sustainable, beside other issues such as infrastructure which they are not very much able to influence, the major issue is service quality... and therefore they are heavily investing in this (upgrading service quality) with funding from the government; the Ministry of Tourism”.

iv. Challenges

Fragmentation is perceived to be the main challenge facing VET and its development; a perception shared by employers’ and workers’ representatives. The system is torn between numerous national and international initiatives and is characterised by its

“disaggregation” rather than coherence, for instance an ILO representative comments:

“we are facing an inherent problem in Egypt which is the disaggregation of the system into a number of parallel systems, the proliferation of policy making points and lack of coherence of the system ... a characteristic of Egypt”.

The limited level of employers’ VET input is another challenge faced by the system. All ILO representatives call for an increased role of employers in VET who need to ensure that the workplace offers reasonable opportunities for learning and development of their workforce. This matter is becoming increasingly important given the increased need for quality VET as the current system cannot effectively meet current demand for skills in the economy. An ILO representative comments:

“the (VET) system... is not effective; traditional VET could hardly meet the demand and particularly (given)... the rapid changes in the economy... Therefore, there is an increasing role given to the workplace; for initial training, re-skilling, up-skilling, refining; fine tuning”.

Whenever available, employers’ cooperation is perceived to be more on technical than financial fronts. For instance, employers are perceived to be reluctant to contribute to the costs of VET programmes but they welcome their representation on boards of VET colleges or centres. Yet, they still have some reservations on technical cooperation; they are unwilling to cooperate with workers. These put limitations on the scope and effectiveness of employers’ inputs and potential role in VET.

The relative weakness of the ETUF is perceived to be another impediment to VET development. In other words, unions are not considered to be collectively strong to

either contribute effectively to VET system or to exert pressures on employers to encourage them, amongst other things, to invest in VET. For instance, ILO representatives comment on the weak position of workers' collective bargaining; it is the role of the ETUF which is largely deficient in this respect. Weak collective bargaining increases the difficulty of securing workers' basic rights, such as fixed pay, as in the example below. As compared to Tunisia for instance, collective bargaining of the ETUF is very weak and it fails to secure an improved pay for Egyptian workers who in some vocations tend to “*pay the employer to employ them; in return for offering them the place and opportunity to work*” as indicated below. Without securing basic rights, it is difficult to expect workers to invest in VET as (i) the return on their investments in skills is not guaranteed in the labour market; (ii) they prefer to invest their time in a job to compensate for the low wages (as indicated in the previous section). These problems are all interlinked and an important factor is weak collective bargaining as indicated by an ILO representative who comments:

“the union (needs) to establish collective agreements with employers’ representatives, e.g. the EFI. In Tunisia, there are 2050 collective agreements in different sectors... (In Egypt) There are hundreds of thousands who work without wages; their wage comes from tips. Some workers pay the employer to employ them; in return for offering them the place and opportunity to work.. (e.g.) in petrol stations, these workers pay the owner of the station in order to put on the uniform and start working and then he (the worker) makes his earning from tips (after covering the expenses paid to the employer at the beginning)”.

This is an extreme example that sums up the situation with collective bargaining in Egypt. Workers and their organisations are not strong enough to secure minimum wage levels and similarly they are not any stronger in pushing employers to invest in workers' VET. Unions are marginalised in the workplace despite laws and ratified

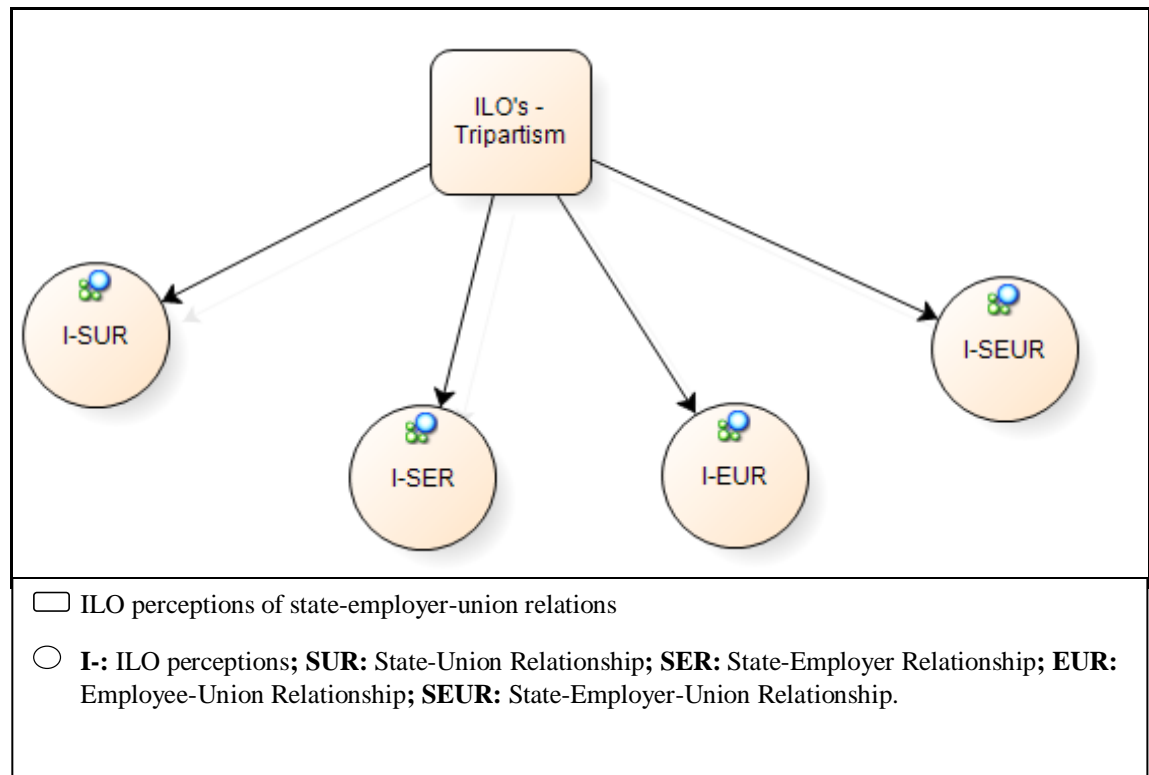
ILO Conventions empowering their position, since these are not enforced or practiced.

Even on an international level, Egypt has failed to enforce Conventions No. 87 and 98 on the freedom of association and the right to collective bargaining, despite their ratification; an act that has put the country on the independent list of countries to be investigated in the ILC. Egypt's non-observance of these Conventions is perceived to negatively influence workers' role and inputs into VET and more generally to different aspects of work. Discrepancies between Egyptian legislations and ratified ILO Conventions is a dilemma which the ILO has been trying to solve and which have direct and indirect negative influences on the VET system (see Theme 3 for more details).

ILO representatives did not criticise the state's, employers' and unions' inputs into the VET system as much as they have criticised the institutional framework within which the system operates. These structural deficiencies challenge the concept of tripartism and coherence of work relations which in their view is a major, if not the major, cause of deficiencies in the VET system and in its development.

7.3.3.2. Theme (2) Perceptions of Constituents' Collaboration

NVivo Model 6: Analysis of ILO perceptions of state-employer-union relations



i. Employer-Union Cooperation

The perceptions of the ILO on bipartite relationships between employers and unions are not very different from that of union and employers themselves. They all share the perception that such bipartite relationships do not cohered.

*“EFI rejects... to engage in a dialogue with workers.. (there is) no cooperation...
There is no pressure on them (employers) to engage in a dialogue with workers”*

This is a serious concern as an effective social dialogue cannot be realised without effective employer-union cooperation and dialogue.

ii. State- Employer Cooperation

ILO representatives perceive state-employer collaboration in VET to be limited despite the relatively strong state-employer relationships. They consider the state to be exerting little pressure on employers to cooperate effectively in VET. The numerous benefits offered to employers make it difficult to provide additional incentives to motivate them to engage in VET and more generally in social dialogue:

"In a situation where practically you (employers) are not paying taxes, where the minimum wage is 120 L.E., social costs such as the accumulation of pension, is based on that (very low wage level); what type of incentive would you like to have (to be willing to engage in VET and social dialogue)?"

ILO representatives call this an ultimately “*political decision*”. Thus, whenever political willingness for a wider engagement of employers in VET and in a social dialogue becomes available, the state will find ways to *incentivise* employers and enhance their engagement.

iii. State- Union Cooperation

ILO representatives consider the state to be in *relatively high control* of the ETUF and its activities. As discussed before, the state closely supervises elections of the ETUF board of directors and allows only selected candidates to apply for these positions (Beinin, 2009). The issue of representation as an obstacle to effective engagement of workers in VET and more generally in a social dialogue is an argument supported by all ILO representatives interviewed. In a case where the ETUF is representing the interests of the ruling party; the National Democratic Party (NDP), rather than the interests of workers, it will not matter whether the ETUF is represented on VET and social dialogue or not. To elaborate on this argument, a senior ILO representative comments:

"In the Egyptian labour law, you can find tripartite... labour structures but these are not practiced... each (party) should 'theoretically' represent an interest group definite from the others. But when the three (social partners) come from the same political party (the ruling party; NDP), and have the same ideology ... (body language indicating his surprise and wonder and he continues his rhetorical questions) we wonder, is there really a tripartite structure? It is not what you name it, but is there actually a tool to discuss different interests and to try to build up a new vision where everyone expresses their interests and try to improve conditions?".

As discussed before, the issue of ETUF independence of the state has been raised by the ILO Committee of Experts as a case of non-observance to Convention No.87. It is still a debatable issue and the ILO is working with the Egyptian government on this matter.

iv. State- Employer-Union Cooperation

The level of cooperation between different parties in VET is perceived to be relatively low given the negligible inputs of unions and employers to the system. Low levels of cooperation are linked to the overall relatively ineffective state-employer-union relationship in Egypt as indicated by ILO representatives (which is a major reason why the ILO has initiated its Social Dialogue Project and at the same time a main challenge for the success of the project). The main obstacle to an effective tripartite relationship on a national level is perceived to be employers' unwillingness to cooperate with workers and unions. ILO representatives directly involved in the social dialogue project in Egypt are concerned with the EFI rejection to cooperate which threatens the potential of social dialogue and tripartism in general:

"There is some kind of willingness from MoMM; being part of the state... it is concerned with... the social stability of the country and this is not necessarily a

concern for employers. Therefore, the social dialogue is delayed regarding the bilateral relationship; employers-workers... And therefore, tripartism as well, if one of the three parties is rejecting (cooperation) so there is no social dialogue and this issue is well known to the state and to the ILO; the rejection comes from employers”.

Only one ILO representative is positive about state-employer-union relationship. He refers to the textile sector, where levels of conflict are high and in these instances the union is used to keep workers as quiet as possible by trying to reach a settlement with other partners. He does not elaborate on the perceived effectiveness of the current dialogue. However, he thinks tripartism and its expansion will depend on the pace and scope of privatisation. He comments:

“there is already a dialogue between employers, workers and the government; not only MoMM but the other ministries concerned. But the expansion (of tripartism) will depend on the number of companies (involved in the project) and the outcome of the restructuring of the textile sector; privatization”.

In summary, current levels of state-employer-union collaboration in Egypt are considered to be largely deficient. The only partial exception is textiles, where levels of turnover and conflict are high and the union is used to control this, echoing the historical reasons for the development of stronger dialogues internationally. More generally, tripartism is perceived to be formative and insufficient to support a social dialogue. This is due to two main reasons; (1) the parties not representative enough; (2) tripartism is only *active on paper*; in other words, there is a real enforcement of tripartism in Egypt.

7.4. PART (2): RQ3 EXPLORED

Part (2) aims at answering the third research question⁷⁹ by exploring themes (3) and (4). Theme (3) explores ILO perceptions of the ways in which and means by which the ILO SDP can influence tripartism and eventually VET development in Egypt. In this process, the objectives of the project, the approach it follows and the constraints that challenge its success are explored from the viewpoints of ILO representatives. In theme (4), perceptions of employers' and unions' representatives on ILO SDP and its impact on tripartism and VET system are explored and finally are matched against the perceptions of ILO representatives.

7.4.1. Theme (3) Perceptions ILO Representatives of ILO SDP

The ILO SDP aims, as suggested by its official title⁸⁰, to promote *awareness* about constituents' rights to engage in a process of consultation and dialogue regarding all aspects of work, including VET. This section starts with exploring the perceptions of ILO representatives on the situation in Egypt regarding tripartism and on how the ILO Social Dialogue Project is expected to change the status quo and how the ILO is planning to do so.

Analysis of ILO perceptions of the ILO SDP is divided into three categories:

- (I) Objectives – Priorities of the ILO SDP in Egypt since it has been launched in 2008. This includes the tools, approach and evaluation procedures used by the ILO in Egypt to attain SDP objectives.

⁷⁹ RQ3: In what ways do institutional actors perceive the ILO SDP to have influenced state-employer-union relationships and VET development?

⁸⁰ Promoting fundamental principles and rights at work and social dialogue; “*The project is designed to promote appropriate legal environment and a culture of consultation and dialogue based on the Fundamental Principles and Rights at Work embodied in the ILO Declaration of 1998*” (ILO, 2010). The project is known in Egypt as the ILO Social Dialogue Project (SDP).

(II) Constituents' cooperation – Perceptions of ILO representatives of the willingness of the state, employers' and workers' representatives to cooperate and engage in the project.

(III) Challenges – Perceived obstacles that have constrained the project and its development in Egypt.

The three categories are related both directly and indirectly. In particular, there is a direct and strong relationship between the second and third categories. ILO's perceptions of constituents offer reasonable justification for why the ILO considers some constituents amongst the major constraints to the SDP and its success in Egypt.

7.4.1.1. ILO Perceptions

i. Objectives

Objectives of the ILO SDP in Egypt are discussed in section 5.7.1 but in this section the focus is on how these objectives are approached in practice. ILO representatives were keen to make it clear that the ILO SDP in Egypt does not and cannot aim at an immediate or a highly effective institutional change with regards to tripartism and social dialogue. Instead, the project lays the bricks of change by raising constituent's awareness of the value of tripartism and dialogue.

“It is a long process... (and) you have a (limited) time frame; 2 years, you need (at least) 11 years and this project will end in 2011!!... Therefore, we will use this (limited) time to build capacities and to raise main concerns (about the problem of the lack of social dialogue) and to put pressures, to draw attention to the problem: we cannot go into effective social dialogue if we do not have the right to organise, if we do not have the freedom to elect (i.e. core ILO Conventions) and so on.”

The ILO in Egypt uses a variety of tools to enhance constituents' awareness levels. ILO technical assistance in social dialogue mainly involves delivering seminars, undertaking workshops, providing constituents with materials about the subject and all three constituents are expected to take part in these both individually and collectively.

Raising awareness about social dialogue has not gone as smoothly as it could have been or had been in other contexts, such as Jordan for example. In Egypt, MoMM and unions have no problem in receiving ILO inputs through different approaches but employers, represented in the EFI, are reluctant to attending tripartite seminars/workshops, which is quite challenging from an ILO perspective:

“Employers do not send their representatives... (so) it is very hectic; you have to keep on changing your approach (to constituents).”

In some instances and sectors, the ILO has been putting some pressures:

“I have to put pressure on both parties (workers and employers) to get them to sit down together whereas if you are aware of your work, and aware that you need to communicate with others for your own interest, you will not need to be pushed by anyone”.

Respondents did not give a specific example of such ‘pressure’ when probed to talk more, but in general the ILO puts pressure on employers through MoMM and the whole process is balanced according to a number of political and economic considerations.

The ILO has been adapting its approach to political and socio-economic changes in Egypt. One of the most important adaptations has been the inclusion of the

Federation of Egyptian Chambers of Commerce (FECC) as representatives of employers in the ILO SDP instead of the EFI:

“(We) had a meeting with chambers (FECC) and they seem to be more willing (than the EFI) to engage with the project”

ILO representatives refer differences between FECC and EFI positions to the ILO SDP to variations in their general ideologies, politics and leadership. The ILO would have preferred the EFI though, as it is the formal representative of Egyptian employers in the International Organisation of Employers (IOE) and in the ILO. An ILO senior representative comments:

“I think this is more of an ideological issue and that comes mainly from their leadership. There might be different views amongst members of the EFI (but) I think EFI leadership is a little bit hesitant to engage fully with the project. This is definitely a challenge”.

The dialogue is currently progressing with representatives from MoMM, ETUF and FECC. Workshops are being carried out to unify constituents’ understanding of tripartism and social dialogue. The ILO SDP manager reports:

“I met all the chambers, general and sectoral union representatives... And I discovered that each party perceives the term ‘social dialogue’ differently!”.

A shared understanding of social dialogue is a key to project success. On the one hand, employers perceive social dialogue as a set of incentives and benefits to enhance workers' satisfaction and loyalty to the enterprise. In other words, it is considered to be some form of a gift-exchange relationship, along the lines suggested by is limited to George Akerlof (1982). On the other hand, unions define social

dialogue in terms of increased intervention in decision-making which means more power and rights for workers. One union representative reported another understanding of social dialogue. He assured the researcher his union has a social dialogue and defined it in terms of regional cooperation:

“There is an agreement between Nile Basin countries in the field of land transport, we developed an African union of the 10 countries to enhance workers’ awareness of their rights, and to support and to protect their rights in different countries of the union and so on”.

None of these definitions fully encompass the meaning of social dialogue the ILO is trying to promote in Egypt.

Another ILO SDP objective is the amendment of national laws with regards to Conventions No. 87 and 98 in particular (as explored later). Egypt suffers from a clear discrepancy between national and international legislation regarding these Conventions. An ILO representative comments:

“you cannot agree to certain laws and then... violate them... they have to see what is preventing them (from adhering to these conventions), they just have to be ready for the change themselves. We can only assist technically”

The ILO SDP is making a slow progress in that respect but the Egyptian government is receptive to at least some of the propositions:

“We are not redrafting the labour law.. (we aim) to introduce some amendments... based on the comments of the Committee of Experts.. mainly with (regards to) conventions 87 and 98...we have just started on these (changes).. the government is receptive... (but) it is early to decide”.

The degree to which the ILO succeeds in attaining its objectives is dependent on the responsiveness of constituents. So far, the state and ETUF are on the one extreme supportive of the ILO SDP. On the other extreme, the EFI is unsupportive of the project and it is early to decide whether the FECC can counterweight for EFI's lack of engagement. Differences in constituents' levels of engagement are expected to be more favourable amongst workers than employers in all countries but in the Egyptian case such discrepancies are high in relation to other MENA countries.

ii. Constituents' Cooperation

a. The State

The Egyptian state; primarily MoMM, has been very cooperative with the ILO in the ILO SDP. To have the ILO SDP operating in Egypt is a positive step in itself and it shows the willingness of the state to realise at least some changes to the status quo regarding tripartism. According to a senior ILO representative, MoMM has been responsive to ILO efforts to strengthen its capacity to handle tripartite relations and disputes, he comments:

“we are trying to focus on their (MoMM) capacity to present and settle labour disputes... we have been active with MoMM... not just in the head quarters (in Cairo) but in governorates. The main focus is on dispute resolution and to do so you need to train people on international labour standards, the ILO standards and international legislations”.

Another level of state support for ILO SDP is available in the pressures it attempts to exert on employers to push them to respond to the ILO though this has left the state in a critical situation. On the one hand, the state needs to support employers to encourage national and foreign investments in Egypt and on the other hand it needs to exert pressure on employers to adhere to ILO international labour standards, including social dialogue.

b. Employers

From an ILO perspective, employers in Egypt are largely uncooperative and unwilling to engage in any form of tripartite dialogue; a major challenge facing the ILO in Egypt and particularly regarding the ILO SDP. For instance, in the ILO/AOL Arab Employment Forum in Beirut 2009; the researcher observed that all unions' representatives attended the forum whereas around only one third of employers' representatives showed up in the meetings, although the same number of invitations was extended to employers' and workers' representatives. An ILO expert comments on this issue:

“It boils down to the fact that unions see a higher importance in the ILO than employers. That does not mean that the ILO is not important to employers' organisations, but as compared to workers' organisations (it is)”.

c. Unions

Unlike perceptions of employers' engagement, ILO representatives are more positive about the unions' position. The ETUF support for the ILO SDP has been ensured by all ILO representatives; an expected reaction to a project that aims at granting workers more rights and benefits.

Nevertheless, from an ILO perspective the ETUF does not have the full capacity to effectively engage in a social dialogue because of a number of structural weaknesses. These can be summarised as deficiencies in core rights; freedom of association, collective bargaining, independence and representativeness of unions. Thus, ILO needs to work on building these capacities or prerequisites for social dialogue in the first place as indicated by the ILO SDP project manager:

“we cannot develop a social dialogue without the availability of some pre-requisites. One of the main ones is the right to organise workers... we cannot go

for social dialogue if they (workers) do not have (independent) unions.... we need to prepare constituents (to engage in a dialogue) and to raise the main issues; do we have free, democratic, independent trade unions?.. Employers, government and unions will say yes. But unfortunately, this is not the case because if we take international labour standards as a scale to measure to what extent they are independent – (then) they are not”.

The ineffectiveness of workers’ organisation in Egypt and the deficiencies of the ETUF are amongst the major challenges facing the ILO SDP. ILO perspectives on these are analysed below together with their viewpoints on other challenges including employers’ limited cooperation, the legislative framework and Conventions’ non-observance.

d. Challenges

From an ILO perspective, employers’ and workers’ organisations share a serious deficiency that challenges ILO SDP and more generally the ILO work in Egypt; their levels of representativeness. An ILO expert comments:

“The major challenges, as in most Arab countries, the independencies of workers’ and employers’ organisations and how representative they are of constituents”.

This is a serious challenge, as:

“a dialogue should be between representative bodies and not formative ones”

The extent to which the ILO attempts to influence the representativeness of parties varies from one project from one country to another. In Egypt, the pressures from ILO to enhance EFI representativeness are still limited. Nevertheless, the ILO

continues to consider EFI the most representative body of employers in Egypt. An ILO representative comments:

“What we do in the ILO is that we work typically with the most representative employers’ organisations.. we do not change the organisations we deal with every year”.

Together with the issue of representativeness, the ILO faces a number of challenges particular to individual constituents and to the general legislative framework.

1. Challenges: Employers

ILO representatives both in the Cairo office and in Geneva HQ consider one of the main constraints to development of the ILO SDP to be employers’ negative position *vis-à-vis* tripartism. One representative comments:

“the social dialogue is delayed regarding the bilateral relationship; employers-workers. And therefore tripartism as well; if one of the three parties is rejecting the concept so there will not be a social dialogue and this issue is well known to the state and the ILO; the rejection comes from employers”.

Another representative adds:

“I think the (EFI) leadership is a little bit hesitant to engage fully with the project”.

Employers and more particularly business elites are more concerned with maintaining the upper hand in labour market dealings and thus it is not surprising to find them reluctant to engage in a project that calls for a bipartite dialogue under the close supervision of the state and the ILO.

From an ILO perspective, it is challenging to offer EFI effective incentives and/or pressures to engage in social dialogue as they are already receiving numerous benefits from the state which are high by international standards, as discussed before. Hence, ILO representatives call for the importance of exerting pressures on employers not only by the state but by workers and their unions. Employers' opposition is justified by an ILO representative:

“There is no pressure on them (employers). The percentage of union membership (i.e. union density) is weak and therefore they do not feel any pressure! (in general) Relationships between and within countries are managed by interests. Unless they (employers) feel their interests are threatened, for example if workers strike and delay production, they will not respond to workers' needs... (the ETUF) organises more than 8,850,000 workers while the working class in Egypt is 24,000,000. So there is a huge gap”.

The FECC⁸¹ is perceived to have been more responsive to ILO SDP than the EFI. Yet, ILO representatives would have preferred the EFI to take part in the project as it is (i) perceived to be stronger than the FECC in terms of membership base; and (ii) it is the *official* employers' organisation represented in the ILO. For instance, ILO expert comments:

“definitely it should have been more helpful to have the EFI as a stronger partner in this project. Also, because from an ILO perspective; the EFI (is the body that) represents employers in the ILO conference and meetings, so from our perspective we would like them to engage in the project”.

⁸¹ Which the ILO SDP resorted to in the first half of 2010.

2. Challenges: Unions

The ETUF has been facing difficulties in organising workers in the formal sector. An ILO representative comments:

“(the ETUF) organises (around) 8,850,000 workers while the working class in Egypt is 24,000,000. So there is a huge gap⁸²”.

Weak representation causes a series of problems; a weak position for workers, weak collective bargaining and social dialogue. However, an additional fundamental challenge is the inability to organise workers in the informal sector; a huge sector that undermines all workers in the employment relationship. The ILO is currently concerned with workers' organisation in the formal sector, as stated by an ILO representative:

“we have a problem in organising formal workers in the formal private sector (before dealing with the informal sector) because employers are not interested in unions and there are insufficient efforts from unions to establish unions in the private sector”.

Freedom of association and collective bargaining, mainly the ratified ILO Convention No. 87, is perceived to be one of the main challenges. In 2008, the first recognised independent union since Nasser's regime was established; the union for real estate tax collectors. Though it is recognised by some state bodies, such as the Ministry of Finance where the Minister met with union heads to negotiate their demands, the ETUF still denies its existence which clearly contradicts Convention No. 87. Recognition of other unions independent of the ETUF is considered to have a positive influence on the strength of workers' actions in Egypt and to enhance their bargaining powers and their representation on a national level as argued by the ILO expert:

⁸² Though on regional and international terms, the gap is not very huge.

“When workers in ETUF feel that they can find alternative ways and means (of representation), they (the ETUF) will improve their performance and they will enhance representativeness of workers especially in the private sector. Workers’ representation in the private sector is very weak, although the private sector is now growing with all the privatisation etc... reaching balanced relationships within the organisation is very important”.

ILO representatives have emphasised that it is the state’s rather than the ILO’s responsibility to enhance the independence of workers’ and employers’ associations as prerequisites for effective dialogue. The ILO is in a position to only offer technical assistance, as indicated by an ILO representative:

“Therefore, we (ILO) will use the time (of ILO SDP) to build capacities, to put pressures and to raise concerns that this is the problem: we cannot go into effective social dialogue if we do not have the right to organise, if we do not have the freedom to elect and so forth.. (but) who should deliver these changes? It is the Egyptians and not the ILO”.

Similarly, the ILO does not offer ETUF an agenda to act upon to realise the intended changes. Instead, it attempts to reinforce their activities, as indicated by ILO experts:

“We work with the ETUF according to their requests. We do not intervene in deciding on their needs, each country has its own needs, and each party has its own needs. We meet the needs of members and (ILO experts) try to help them to enhance their capacities in issues of concern. For instance.. (the ILO) delivers seminars on international labour standards and to raise their awareness”.

Technical assistance offered by the ILO, though significant in some areas of work, such as child labour, is still relatively limited to realise the intended changes with

regards union representation, freedom of association, right to organise and eventually social dialogue. It is true that the ILO does “*not intervene in deciding on their (ETUF) needs*” but as an international organisation it has indirect tools to exert pressure to push the situation forward. The coming period needs to witness more of these pressures to enhance the effectiveness of the project. Such pressures can take different forms, such as labour market and its efficiency are amongst the most important indicators of a country’s business climate and international competitiveness (e.g. OECD, 2010). Thus, putting Egypt on this list of independent cases to be investigated by the Committee of Experts in the ILC and the results of this investigation can have a negative influence on attracting foreign investments to the country and hence it is a means of exerting pressures on the Egyptian state.

The reasons why the ILO has taken this action at that time and not long before are unclear. One probable reason is that the ILO started to receive more complaints from national and international activists and human rights bodies about the situation with the freedom of association in Egypt. Another could be political reasons necessitating this action at this point in time despite the availability of such violations since the Nasserist era. This has already been argued to have happened in the cases of other countries, such as the Burma case and the Colombia case (e.g. Collingsworth, 2002; Potter, 2005). The former has been the subject of a commission of inquiry and consequent follow-ups due to forced labour. The latter has had severe violations for the freedom of association; nevertheless, it has never had a commission of inquiry by the ILO⁸³.

⁸³ For more details on the cases and the argument refer to Potter (2005); Collingsworth, 2002.

3. Challenges: Legislative Framework

Contradictions between Egyptian legislation and ILO ratified Conventions is a major challenge to ILO SDP. As indicated earlier, freedom of association, workers' right to organise and other rights are severely curtailed in Egyptian legislation. An ILO representative comments on this matter:

“Workers have the right to freely establish unions and organise themselves whenever they need to do so. Egyptian laws do not give these rights. Also, on the level of decision-making within unions, financial freedom etc. all of these rights are included in Convention 87 and these are either not available in the Egyptian law or are contradictory to some Articles in the Convention”.

Another example is the right to go on strikes which is not available to Egyptian workers as they need to give notice and have permission from authorities before they go on strike. This was one of the reasons for the severe wave of strikes that started in 2006⁸⁴.

“national law provides that workers should give a notice of the strike before going on one. This contradicts the Conventions because what leverage the worker has; the worker negotiates if he does not find approval of his demands, wages and so on, strike is the only tool that he has in his hands to put pressure on the employer. If you require the worker to give a notice to the employer, it weakens the position of the worker. This is also one of the problems; the Committee of Experts is saying they should not be required to give notice of the strike”.

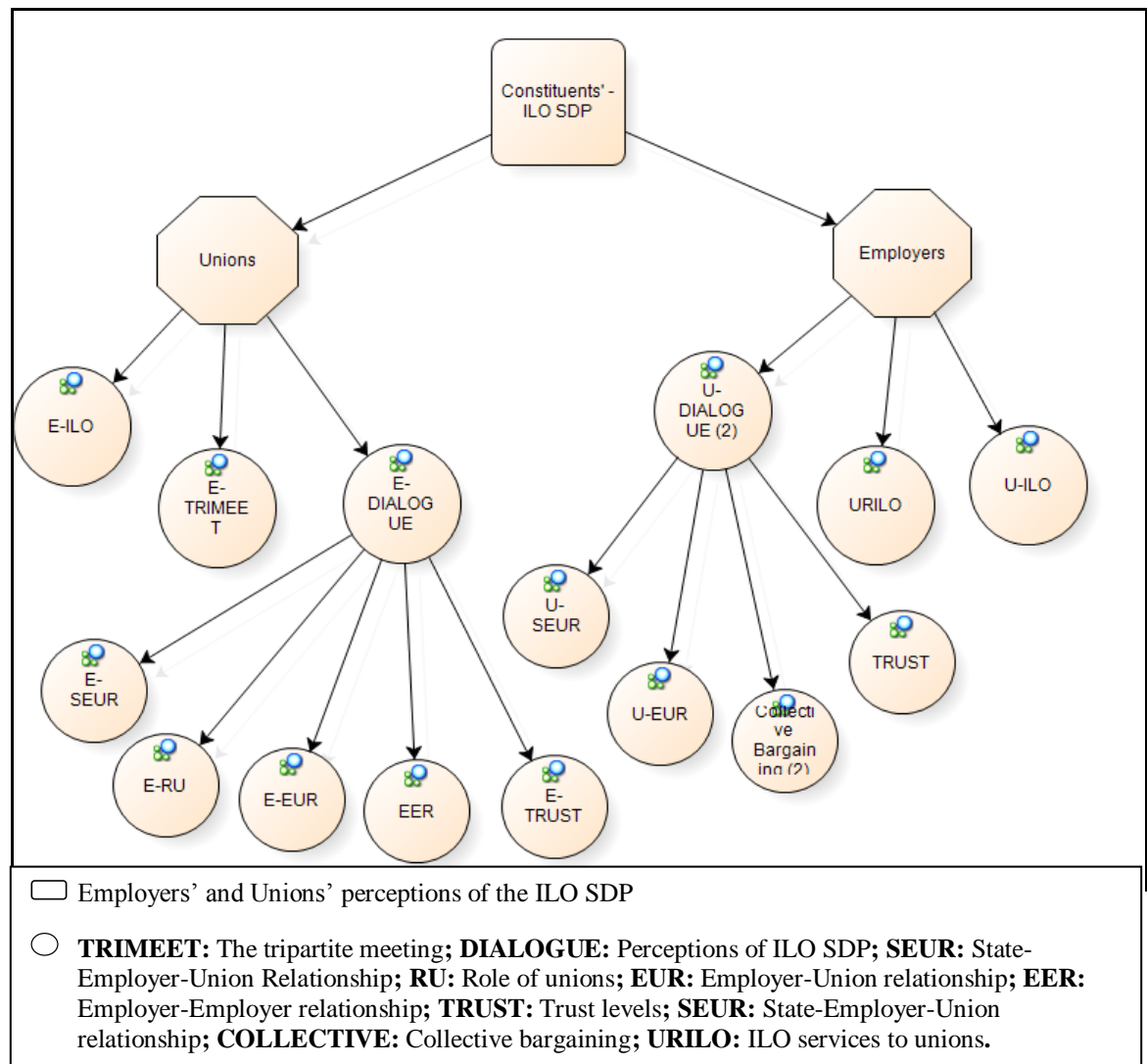
Both examples contradict ILO Convention No. 87 ratified by Egypt. The issue is complicated and needs numerous legislative amendments. On the one hand,

⁸⁴ For examples on similar actions in other contexts, see for example See Batstone, 1985; Keil, 2003.

amending national laws to accommodate these discrepancies is one of the objectives of the ILO SDP in Egypt. On the other hand, the current legislative framework constraints the development of tripartism and social dialogue. This raises the question as to whether an effective social dialogue on a national level can be achieved by the end of the ILO SDP, which if not extended will end in 2011.

7.4.1.2. Perceptions of Employers' and Workers' Organisations of the ILO SDP

NVivo Model 7: Analysis of employers' and union's perceptions of the ILO SDP



Employers' representatives were either not in favour of the ILO SDP or not aware of the project. The FECC representative was the only exception; he held positive perceptions of the ILO SDP. He reported ILO readiness to deliver seminars and workshops to enhance employers' awareness of social dialogue and its value while incurring all associated costs. He comments:

“The ILO is ready to cover all costs; they will undertake the seminars in a hotel, and they will offer accommodation and travel expenses to participants. As long as we are not incurring any costs and we will do some kind of activity (through this project), so that is fine”.

Unlike other representatives, the FECC representative does not consider seminars and workshops to be a waste of time. Nevertheless, he did not comment on the extent to which such awareness-raising workshops could effectively lead to enhanced tripartite relationships which raises doubts the potential effectiveness of the ILO SDP. He was clear though that the ILO SDP is considered to be “*some kind of activity*” that can be undertaken without incurring any costs. Another implicit reason for engagement with the ILO SDP is the attention FECC would receive as a result that would (i) strengthen its position *vis-à-vis* the EFI; and (ii) enhance its relationship with the state.

Across the rest of employers' representatives, seven employers had a very limited idea of the ILO SDP and more generally ILO activities in Egypt. Their comments were along the lines of: “*I do not know*”; “*maybe there is something (ILO SDP) going on*” or “*not as far as I know*”. A senior employers' representative reported negative perceptions of the ILO and the role of international organisations in general:

“Unfortunately, International Organisations.. are white-collar people who come up with reports, but to what extent are these influential? What is the real impact of their projects? (body language to show inability to find an answer)”.

The remaining two employers' representatives were critical of the project and its approach in promoting tripartism and social dialogue in Egypt. They seem to oppose workers' involvement in VET and other work-related as, from their viewpoint, empowerment of workers would “*bring about wildcat strike action*”, for instance:

“I am not convinced with these things (ILO SDP) at all... I have met with them (ILO representatives) many times and they asked for my cooperation and all of these European matters... they (the ILO) will bring about workers' outbreak because at this time as you know there are the issues of Mahala⁸⁵, there are many disturbances and issues of human rights are raised and so on. (a pause with an angry body language and voice tone) Every country has its own circumstances.”

They were also critical of the approach followed by the ILO in promoting the project in which the ILO is perceived to be exerting pressures on the state to push employers to meet with workers under ILO supervision. Interestingly, this pressure which employers are complaining about is perceived by ILO experts and unions' representatives to be insufficient for an effective engagement of employers in social dialogue. Some employers argue that the social dialogue is a personal obligation that no one should impose on them. The role of the state and the ILO in their viewpoint should be limited to the provision of ‘*guidelines*’ on how to better engage workers in the workplace. A senior employers' representative comments:

“It is very reasonable to talk about a social dialogue but the manner in which it is practiced is a very important issue. They (the ILO) will mess up the whole project because of the manner in which it is being practised in Egypt; top-down enforcement (forcing employers to) sit with workers, talk to them... I can do this voluntarily, not by force... You (the state and the ILO) can give me guidelines and then it is up to me (whether to apply it or not). But do not come up to me saying;

⁸⁵ It has been undergoing a wave of strikes since 2006.

you (the employer) are a partner and should have a dialogue with all other constituents. Workers should not talk, the state should not talk; I am the (only) one who should have a say! It is my money. I would do it (ILO SDP), (only) based on conviction.. not by force”.

The EFI representative in the ILC criticised the manner in which the ILO and the state try to impose social dialogue onto employers and he added:

“MoMM highly exerts pressure (on employers) to attend these meetings, and even the pressure from the ILO and I am going to say these in the coming (ILO) meeting in March, I said this before and I am going to say it again; the social dialogue cannot be practised in that manner”.

They suggest the ILO should follow a different approach; to negotiate with each party individually. So the suggestion is:

“to sit with each party on its own. And to make it clear that you (ILO) do not aim to oblige employers to fund the social dialogue but to raise employers’ awareness of the need to put a percentage of their income into social dialogue”.

In this case, these would be considered *individual* negotiations instead of a *social* dialogue; this is exactly what employers at the EFI request. Their engagement in a dialogue with social partners translates, in their viewpoints, to increased costs as it will open the floodgates to workers’ demands. The advantages social dialogue can bring to employers in terms of enhanced productivity for instance cannot compensate for the costs they would incur from this process, from their point of view, and thus there is little reason for them to change the status quo. There is also a fear of increased labour action if workers and their unions are empowered by tripartism and social dialogue and as reported by an employers’ representative “*we do not want to see the boot on the other foot*”.

ii. Perceptions of Unions

In general, union representatives positively perceive ILO and its activities. For instance, ILO is efforts in the tourism sector where it works with the state, employers and unions (through SECTOR- see Chapter 5) to establish standards for health and safety to enhance the sector's international competitiveness. Union representatives also reported favourable perceptions of ILO role in exerting pressures on the state to give workers more rights, such as the right to collective bargaining, through ratified conventions. However, the extent to which ratified conventions are enforced is limited; one of the challenges to effective tripartism and social dialogue from unions' perspective as discussed before. A senior union representative adds:

“we understand that these (rights granted to workers through ratified ILO conventions) are likely to be artificial at the beginning and it is then the role of the union to strengthen these structures but in reality the situation is different (due to limited enforcement)”

Nevertheless, union representatives were critical of ILO attempts to promote freedom of association, despite being one of ILO ratified core Conventions, as this would lead to pluralism. The latter would threaten ETUF hegemony over workers' organisation in Egypt which has been reserved since the 1950s. For the same reason, the ETUF has been denying the independence of the real estate tax collectors union. Hence, there is no wonder why union representatives are not in favour of such a change.

A senior representative offered a different argument to support unions' opposition. He argues that such pluralism is not available in other developed countries such as the USA. He is sceptical of ILO attempts to promote pluralism in Egypt, as from his perspective, the ILO has an interest in doing so; a more important role in labour issues and more generally foreign investments in Egypt. He comments:

“There is only one union in the USA⁸⁶.. Italy had 3 unions and these were integrated into one union, so how come you are asking me (the ETUF) to have multiple unions (through freedom of association)? Of course, there is an interest for the ILO in doing so because then it will be the one in control of the system... in control of investments and in favour of these investments, most of which come from abroad”.

7.4.2. THEME (4): PERCEIVED INFLUENCE OF ILO SDP OF VET AND ITS DEVELOPMENT

ILO, employers’ and union representatives interviewed do not see a direct relationship between the ILO SDP and VET development, at least in the short to medium terms. Their perceptions are not surprising given the analysis of their perceptions of VET, state-employer-union cooperation and the ILO SDP. Nevertheless, the ILO SDP is perceived to be a probable means of enhancing VET on the long run. The ILO SDP project manager comments on this aspect:

“We do not do Vocational Education and Training through this project. We are looking into capacity building for unions and employers though I think it (VET) is an area of interest to both... (but) it is not my specialty. Usually I refer to the specialist office in charge of this area but yet no one (not employers, unions or the state) requested VET from the project.. But as an area where we can practise social dialogue – definitely yes”.

⁸⁶ The respondent is wrong here.

VET is expected to benefit from enhanced levels of cooperation between employers, workers and the state as discussed before. However, constituents have unfavourable perceptions of tripartism and the prospects of establishing a social dialogue in Egypt. The dialogue is constrained with a number of institutionally embedded challenges that need not only a body for technical assistance like the ILO but more importantly it requires the political will to engage in such changes. The political will is dependent on a number of internal and external political, economic and social considerations. Hence, the influence of ILO SDP on VET development is perceived to be incoherent in the time being.

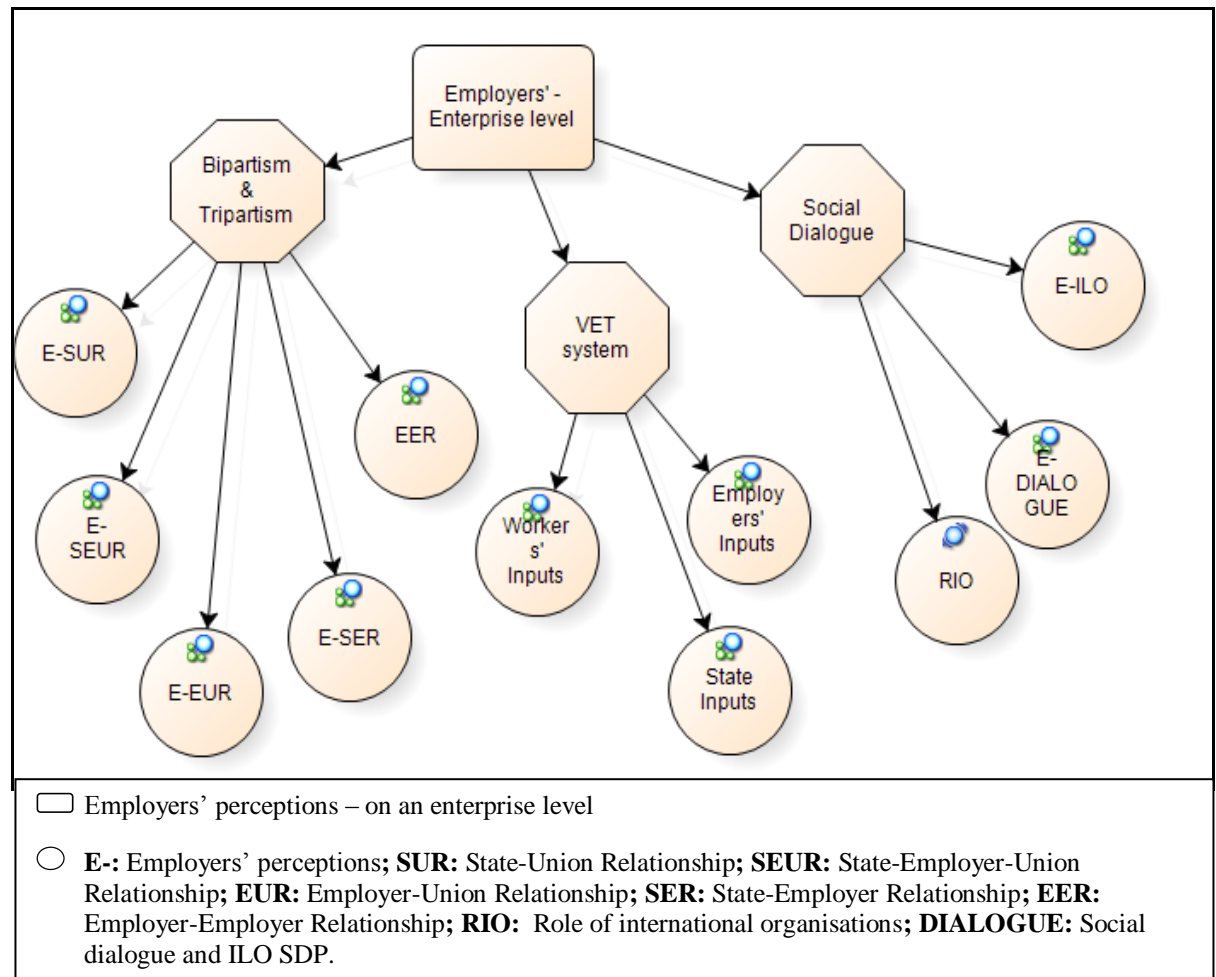
7.5. PART 3: EMPLOYERS' AND WORKERS' PERCEPTIONS ON AN ENTERPRISE LEVEL

The responses shown in parts 1 and 2 are verified on an enterprise level in part 3. Two enterprises in the tourism sector were successfully accessed after dropping the enterprise in the construction sector. Both enterprises were selected using purposive sampling where the researcher would have been able to access managers and workers independently. Nevertheless, it was difficult to secure interviews using this technique. The researcher found it difficult to access workers in particular as (i) they were sceptical of the research and its purposes even when the researcher was referred to them by co-workers, in an attempt to establish a minimum level of trust; and (ii) despite an initial agreement to take part in the study they were reluctant to actually meet the researcher and negotiations to set an appointment went as long as three weeks before coming to nothing. Therefore, the researcher approached enterprises where she was able to secure interviews with top management and then she requested to meet with their workers. In the first enterprise, the kitchen department was the most accessible and thus the same department was chosen in the second enterprise for

purposes of comparability. A total of two focus groups (of 4 workers each⁸⁷) and three in-depth interviews with managers were undertaken in these enterprises.

7.5.1 Employers' Perceptions of VET and State – Employer Cooperation

NVivo Model 8: Analysis of employers' perceptions on the enterprise level



At the beginning of the interviews, employers' representatives diplomatically reported “*good relationship(s)*” with the state represented in the Ministry of Tourism.

⁸⁷ In one of the focus groups, the fourth participant was late so he did not actively participate in the focus group.

However, when probed, they mentioned a distant relationship with MoMM and did not recognise any relationship with other Ministries and/or public bodies particularly with regards to VET, including MoE or MoHE.

One of employers was particularly critical of MoMM and its *reactive* strategies. From his perspective, MoMM deals with problems as and when these arise rather than having a strategic work plan in different aspects, including VET. This is perceived to hamper cooperation with MoMM as there “*is not a clear agenda*”. He also extends the critique to the educational system which he thinks wastes opportunities for enhancing employment levels due to the lack of a clear direction (detailed perceptions of VET are discussed below). When asked about his relationship with MoMM, he replies:

“There is not a long term strategy; whenever a problem comes up they try to solve it... they (MoMM) react to problems (not proactive)... And there is not a clear agenda for hospitality and tourism education; there is not a long-term educational strategy. Although if the state invests in hospitality and tourism education, it can absorb large numbers of people (that could help solve the employment problem) because these are international jobs, e.g. Cooks can work anywhere”.

As regards VET, employers’ representatives did not report any form of effective cooperation with VET centres owned by the state or by the Egyptian Tourism Federation. It should be noted that in theory, the Egyptian Tourism Federation represents employers in the field, but employers have referred to it as a state body rather than a representative of their interests. Both companies fulfil their VET needs using their own training programmes both on- and off-the job, such as workshops and seminars. However, one of the representatives reported a previous attempt to

cooperate with the Egyptian Federation of Tourism in VET programmes but this was a disappointing experience for him, as he reports:

“I delivered a presentation (about the company’s work) to the Minister (of Tourism – as part of a larger event) and he suggested I should get in touch with them (the Egyptian Tourism Federation), so I contacted them but they showed no interest (in cooperating with me)... (as) they seem to be smarter than I am apparently! (a sarcastic justification for the Federation’s lack of interest in cooperating with his company). (Then) I went to the SFD (Social Fund for Development) and delivered a presentation and I prepared a proposal (as required), as they provide employers with grants given by the French and others, but no one got back to me”.

Employers perceive the state and its educational policies to be responsible for current VET ineffectiveness and poor quality; a perception shared with EFI representatives as discussed in Part 1. They referred for example to the hospitality and tourism colleges. These do not provide individuals with sufficient practical know-how as they focus on memorisation and rote learning. The theoretical content is outdated and is delivered in Arabic though most of the terminologies in practice are either in English or French and workers deal with international customers. One of the employers comments:

“It is a problem of education... these (VET) colleges and academies focus on theory more than practice..... the educational system provides outdated material not in line with developments in the industry and ours is one where they are constant developments.. and they focus on theory more than practice... another problem is that all of these material are in Arabic whereas they need to learn the job jargon (which is in French and English)”.

7.5.1.1. Perceptions of Employers' inputs to VET

Both enterprises develop and deliver their own VET programmes. They try to select people with the “*right attitude*”; individuals able and willing to learn and develop their skill levels, regardless of their previous experiences or in some instances their educational background⁸⁸. One of the two companies has decided to develop its own academy to provide workers with the required numbers and skill levels to keep up with the company's future demand which is expected to increase sharply as a result of their expansion plans in Egypt down to 2017. The company's representative comments:

“We try to hire people with the right attitude then we start to train them on our system... in order to meet the (labour) needs of our expansion plan until 2017 we had to develop our own academy (emphasis added)... We developed a board of trustees; department heads and executives and they have suggested the things that they (workers) should learn because the educational system is outdated and is not in line with developments in the industry”.

The representative reported attempts to cooperate with the state; represented in the Federation and the SFD, through the company's new academy. This is not because the company cannot afford to deliver VET programmes on its own but rather for two main reasons: (1) the academy they are developing is expected to deliver larger numbers of workers than needed by the company, so the state could have benefited from excess individuals if cooperation between the two parties was possible; (2) poaching of workers is another threat that the company is concerned with. So the intention was to cooperate with the state in raising the levels of VET in the sector as a whole to reduce the risk of poaching of workers. On this latter issue, the company's representative comments:

⁸⁸ These tendencies were reported in Soliman (2007) as part of a study on employers' and graduates' perceptions of work experience in Egypt

“The disaster that you need to keep in mind is poaching of workers! After I train workers, the neighbouring hotel simply catch them and offers a better position with a better pay, although s/he might not be qualified for this higher position. But they do so to attract them and this goes on and on. Then, in less than ten years you will have this (phenomenon) all around the place (the field) and you will end up with a lot of people not qualified for what they are doing; a real disaster”.

This point raises a number of important issues. First, unlike the other employer and EFI representatives who are passive about cooperating with the state in the provision of VET, this representative⁸⁹ and his company are aware of the need to cooperate with the state in raising the levels of VET on a national level. This is the only employer representative who had approached the state and asked for some kind of cooperation. Even amongst the three employers’ representatives who reported some sort of cooperation with the state in VET, they were all invited by the state but none of them initiated the idea of cooperation.

Second comes the serious problem of poaching externalities. Both employers’ representatives have reported that workers can leave them for as a little an increase in pay as 10 L.E., even if this other company is not going to invest as much in VET and upgrading their skills as workers are not expected to be concerned with the development of their skills. One of the employers comments:

“The worker does not care VET (he receives at this company), all what he cares about is that the other chain will give him an extra 10 L.E.... There is no a culture

⁸⁹ A senior Human Resources Manager in an international hotel chain. He received Western education and has international experience in the field.

of learning and development, he just needs a certificate to get married⁹⁰ (that is why they join certified VET systems in the first place)”

The company’s attempt to cooperate with the state in developing VET in the sector can minimise the negative influences of workers’ poaching. Unfortunately, the state represented in the bodies approached by the company, has not been responsive to these calls for cooperation. This might be due to internal politics and/or personal preferences as implicitly indicated by the company’s representative as indicated above. However, the company is still trying to keep good relationships with the Federation and more generally the state, and this attitude has been reported by the other representative as well, who comments:

“we try to we try to keep everyone happy and do our own thing and that is it”

Apart from investing in VET, employers’ representatives in both enterprises reported their reliance on imported labour mainly from East and South East Asia. This subject was brought up by EFI representatives. They consider it to be a short-term solution to the problem of inadequate skills in Egypt and in a way, an obstruction to it. In the tourism sector, employers seem to be very comfortable with this solution and are ready to expand reliance on foreign labour whenever possible. For instance, in one of the interviews the HR manager informed the researcher that he has just signed a one-year collective contract for Filipino workers before the interview (he did not indicate the exact number of individuals). The manager prefers foreign workers over Egyptians, as the former tend to (i) have higher skill levels so less time and effort is invested in their training, if required at all; (ii) be more presentable; and (iii) not cause

⁹⁰ In Egypt, traditionally families prefer educated individuals for marriage and thus some people end up in educational routes just for the sake of obtaining a certificate that they can refer to when proposing marriage.

a lot of trouble, e.g. with customers, and problems, e.g. through unions, for the company. He comments:

“in many cases I resort to foreign workers. I have just come back from the Philippines two weeks ago, I was looking for workers. She (Filipino workers) speaks French, she wears makeup, she can work till late and she does not make trouble. The Egyptian is here to make trouble... If I have 150 from the Philippines I will not feel their presence (will not feel any burden) except when they arrive (to Egypt) and when they leave, if I have an Egyptian worker s/he can cause me pain”.

7.5.1.2. Perceptions of unions' inputs to VET

Like all other EFI representatives, employers on the enterprise level have unfavourable perceptions of unions. They do not have direct relationships with ETUF and are not willing to *cooperate* with them in work-related issues, including VET. They also do not consider unions to have or could potentially have a role in VET and its development.

One of the representatives justified this position in terms of the overall socio-economic system that prevailed since Nasser's regime when the state offered many benefits to workers, such as full employment, open-ended work contracts and health and social insurance. Benefits were received regardless of workers' performance and/or productivity levels and thus there was little reason for workers and/or unions to invest in upgrading VET levels. However, this is not the situation anymore. with the increasing scope of the private sector since the first and second openings of the economy; in 1974 and 1990/1 simultaneously, that emphasises performance, productivity and competitiveness. Unions and more generally the state are not perceived to have coped well with this transformation, especially given the current

legal framework; Labour Law No. 12/2003, which the employer representative criticises together with the overall situation:

“They (unions) do not play any role in VET.. they are not concerned with VET at all. You have the worst labour law ever... (employers’) relationship with the worker is similar to a Catholic marriage; there is no divorce. The government did not prepare people for the transformation from the (relatively) socialist system to the (relatively) capitalist economy. So workers still believe they would get full support from their (private sector) employers (as they used to gain from the state/public sector in the past)”.

Employers’ representatives did not show any interest in increasing unions’ inputs to VET. They reported their preference for the status quo; minimum union engagement in VET and more generally weak employer-union relationships. Employers recognise the ETUF but they *avoid* dealing with it. They prefer direct relationships between the company’s management and individual workers, not workers’ organisations, to deal with any issues or problems on an enterprise level, which is not unusual. Employers justify this tendency by arguing that the company provides workers with a wide array of benefits more than those offered by the union and thus there is no need for the involvement of unions, from employers’ perspective; though this ignores procedural justice issues. One of the representatives perceives the ETUF to be “*a government body*” only concerned with proving its existence, as he comments:

“there is not a relationship with unions; the benefits offered to workers by the hotel are way far more than that offered by the union... Unions do not have an effective role... their role is limited to who is going to be the (union’s) president... As a government body (emphasis added) they try to say ‘we exist’!”.

Union leaders are also perceived to be incompetent in representing workers in the sector. A union representative gives an example by their inability to communicate in English; a necessity in this field, which does not qualify them, in addition to other things, to represent workers or to participate in VET, from his perspective. He considers them to be only concerned with travelling to Geneva to attend ILO meetings with very limited effectiveness in any other way. When asked about the role of unions, he comments:

“which unions? these unions do not have anyone who speaks English and all the time they are attending meetings and conferences in Geneva (as part of the ILO), and they will never let anyone who is well educated to be part of it”

7.5.1.3. Perceptions of the ILO and the ILO SDP

Employers' perception of the ILO was either negative or neutral. Two employers, in the same company, were not aware of ILO activities including the ILO SDP and one of them referred to another International agency that undertakes annual quality audits for the company when asked about the ILO. The other companies' representative recognised the ILO though not the ILO SDP and reposted a negative experience with the ILO has been negative. He used to attend ILO seminars and workshops as an employer representative but his suggestions and demands were not taken into account. He argues that the ILO has its own “*preset agenda*” and employers with different demands, like him, are not welcomed and for this reason he stopped attending. He is very critical of the ILO workshops and he comments:

“They (the ILO) want workers. People like me (an employers' representative from the private sector) are not required in these things (at all). Therefore I stopped attending these things (meetings, seminars and workshops). It is a waste of time; nobody is going to listen to you, they (the ILO) have a preset agenda... constituents attend to have a nice dinner and are compensated (financially) for the time spent

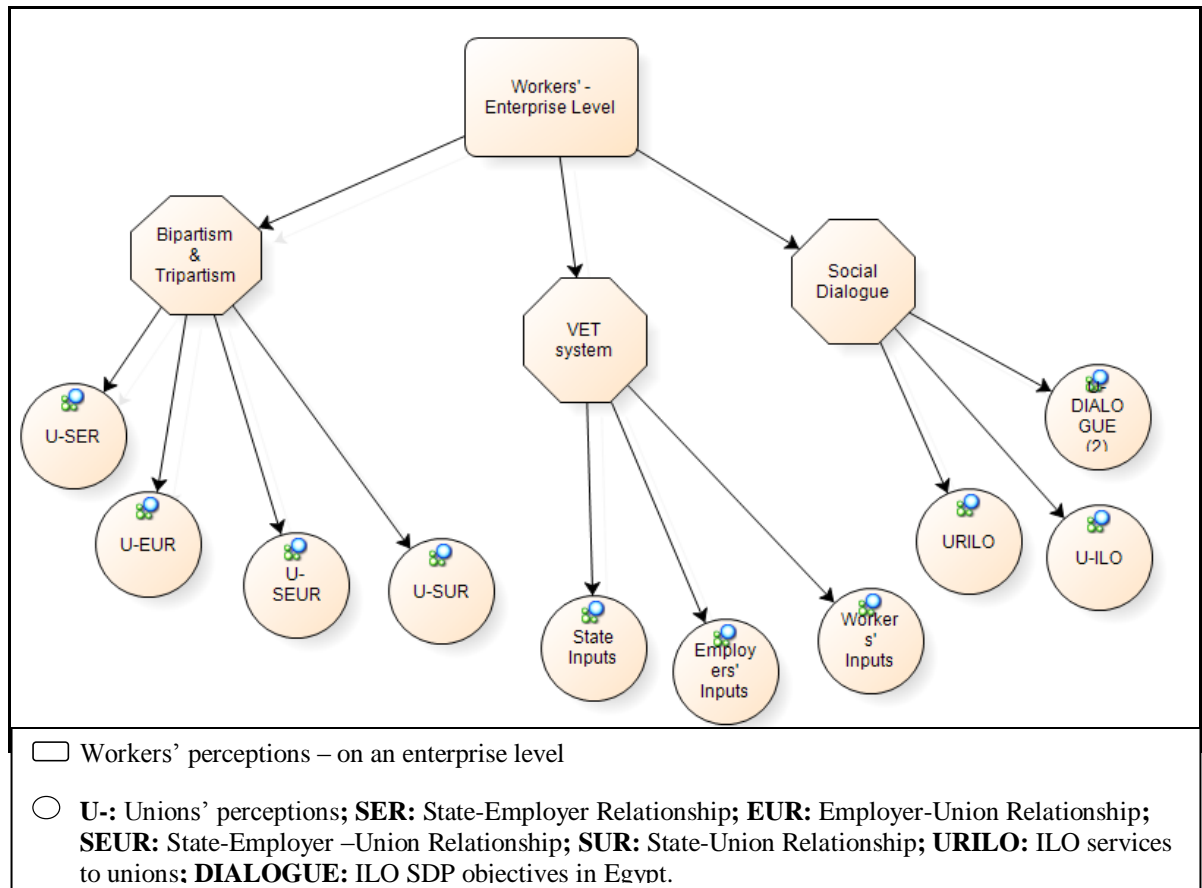
on these meetings, but my time is quite limited and I can spend it on more useful things.”

Another issue that has been only briefly mentioned by the employer despite being an important one is the provision of information. This issue of providing information has been indicated by a senior employers’ representative (in Part 1) as one of the constraints to employers’ cooperation in VET and it reduces the quality of labour market information which again has negative influences on VET. Employers are reluctant to share information about their companies with either the state or other employers as they do not trust in how and by whom such information would be used. This concern is shared by this representative as well. He brought up this issue randomly to the discussion which indicates it is amongst the important issues at the top of his mind. On the ILO and other agencies, the representative comments:

“We are never invited (as employers to participate in these programmes of raising awareness). Sometimes we are invited by the USAID or the British Council (on programmes of) workers’ and workforce development, but so what? If we meet and discuss these for 2 days, what is going to happen? The 2 days will be wasted, and they are (just) collecting information from you (emphasis added)”

7.5.2. Workers' Perceptions

NVivo Model 9: Analysis of workers' perceptions on the enterprise level



7.5.2.1. Perceptions of VET

A total of 4 out of 7 workers did not receive VET in their practiced vocation; they graduated in different fields, such as agriculture and engineering. The other 3 workers graduated in hospitality and tourism colleges and higher institutes. All of them started their careers in the 1980s and only one was slightly older he started in the 1970s but at that time, VET systems were not popular and human resources development was not available within hotels (it is still not available in many enterprises⁹¹). These workers have learnt the vocation through other people; relatives

⁹¹ For details see for e.g. Budhwar and Mellahi, 2006.

and/or friends, and built their experiences from scratch by practicing the vocation in different places of different sizes until they reached these big companies. For instance, one of the workers learnt the vocation from a well known family in the field. This family of Chefs were illiterate but they were very professional. It happened that he had a very similar surname⁹² so he acted as if he is a member of their extended family to gain their “trust”. The issue of trust has always been an important aspect of work-relations. He describes his experience:

“I used to work with a big family and I relied on (our similar) surname.. so they trusted me quite easily. I learnt the vocation from them and they liked me a lot, as I used to read for them... they were illiterate but were extremely talented”.

Respondents who graduated in hospitality and tourism reported a very limited relevance of their education to the workplace as their programmes focused more on theory than practice, as indicated by one of them below. This respondent also said that training programmes in general had been unpopular in the late 1980s; a perception shared by all other respondents. Thus, they think that nowadays there is a better recognition of VET. One of the workers comments on this issue:

“I graduated in Hospitality and Tourism, Helwan University. What we studied is one thing and what we have practiced is a completely different thing. We studied theories very well... (but) we wanted to practice what we were learning; how to use a knife, how to meet a guest and serve him/her especially foreigners... (when) I joined the field... training was not very popular (unlike these days).. that was in 1989”.

Then he comments on the ineffectiveness of the educational system in general:

⁹² A traditional practice as reported in a study on HRM in Egyptian enterprises in 1955-57 (Harbison and Ibrahim, 1958)

“the education system is not compatible with the needs of the workplace”

Unlike union representatives who recognised the ITC and PVTD, none of the workers interviewed recognised state-owned VET centres. They perceive the state’s role in VET to be limited to the educational system and do not expect it to be directly or indirectly involved in VET on an enterprise level. Instead, they perceive VET to be the responsibility of individual workers, who are expected to seek opportunities for their own skill development, and then the responsibility of the enterprise, which is expected to provide its workforce with development opportunities depending on its size and capacities.

7.5.2.2. Perceptions of Employers’ inputs to VET

All workers interviewed reported their employers’ positive engagement in VET. These range from on-the-job training provided by supervisors and/or department heads to off-the-job training, which is sometimes delivered over a number of days to workers from various departments. In other words, all of them were satisfied with the levels of VET provided by their companies. They also referred to the provision of free-of-charge English language courses provided at the companies. However, it has to be noted that these workers are working in above three-star hotels; above average companies in Egypt, hence there is a margin for bias regarding this point.

However, all of them agreed that the effectiveness of these programmes rely on the willingness of workers to learn and to develop their skills. For instance, one of those who graduated in hospitality and tourism comments on his experience in on-the-job training:

“I have received on-the-job training and I have been taking notes while working (during the training session), and I still have these notes... such training is effective. As I told you the books (i.e. education) are completely different and irrelevant”.

Unlike union representatives, workers in both enterprises reported favourable perceptions of employer-union relationship. The extent to which this bilateral relationship is as strong, as has been reported is questionable, since respondents had known that the researcher was in contact with their managers. One way to balance any overtly positive comments or reported perceptions is to make sure these are supported by evidence. In this sense, it can be argued that employer-worker communication is available though nothing has been reported on the perceived *quality* of these relationships to justify a very favourable employer-worker relationship as reported by some workers. For instance one of the workers described his and his colleagues’ inputs into VET:

“Every day during the duty break, we have to review guests’ feedback... with the session head, the executive chef; who is Egyptian and there is a foreign Chef above him... we discuss the weak points, (decide on) the areas in which workers need training, at the end we come up with notes and the executive Chef communicates these to the management”.

This is a positive example of a dialogue taking place between workers and supervisors in the department on work issues and training needs. These are then communicated to more senior managers in the hierarchy for implementation. This is also an indication of positive levels of employer-employee interdependence which have not been reported by EFI and ETUF representatives.

5.2.2.3. Perceptions of unions and their inputs to VET

Workers in both enterprises reported some interesting perceptions of their relationship with the union. It was noted that workers were keen to make it clear they have absolutely no connection to unions and not intending to have one; a feature shared internationally by workers in the catering and hospitality sector in which union organisation is in general largely weak. One of the workers reported that all the employers he has worked with do not allow workers to become members of any kind of workers' organisation. He mentioned an incident in one of the hotels where workers organised themselves and decided to leave due to problems with the hotel's management. After this incident, employers became more alert to any form of workers' organisation and workers' right to organise themselves has been curtailed in many enterprises. He comments:

“you know why? Because they do not allow workers in these hotels (including his hotel) to have any kind of workers' organisation because... as what happened in Hurghada, do you what happened? The Chef took his staff and left to Cairo and did not show up the next day at breakfast! So they prevented any kind of workers' organisation in hotels, I am not sure if it is still the same up till now, but I think until now there are no workers' organisations”.

They argued they have no problem in dealing with their employer which is quite expected because they do not have a body to represent them. They do not expect the union to offer them more benefits or advantages, apart from pensions but again these are insignificant as they indicated. Some of them have stopped paying union membership; in other words, they are no longer members. They only consider it to be useful in securing a pension though they perceived the value of unions' pensions to be insignificant.

Workers do not expect unions to play a role in VET; a shared perception with the majority of union representatives interviewed. When commenting on VET development, all workers referred to an Egyptian association of Chefs established and run by a Swiss cook in the 1980s. The association does not offer workers support or benefits on an enterprise level but it offers them opportunities to develop their skills. For instance, in one focus group one of the workers comments:

“the Association of Egyptian Chefs is absolutely amazing. It helps all the staff, it trains people and arranges national and international competitions”.

And another adds:

“each month they update you with news in the Chefs community; social and professional news, e.g. weddings, training programmes etc”.

It has to be taken into account that workers interviewed in this sample have been nominated by their direct supervisors, hence: (i) workers are expected to be *crème de la crème*; and (ii) their responses might be influenced by the fact that the researcher knows their supervisor. In an attempt to avoid this limitation, the researcher used a life history approach in the focus group. This had to be monitored though as each focus group had at least three participants. Some trends have occurred throughout the group interview. Bipartite relationships are perceived to fairly balanced. Again, it is difficult to tell to what extent their perceptions on employer-worker relationship had been biased due to the reasons indicated above. However, all of the workers interviewed have been with the employer for at least five years and have worked in many places before so based on this it can be assumed that their perceptions on bipartite relations are relatively reliable.

5.2.2.4. Perceptions of ILO and ILO SDP

All of the workers interviewed did not recognise either the ILO SDP or the ILO itself. When asked about the role of the ILO, they commented on the role of an ‘*international*’ agency that inspects health and safety within the enterprise, a similar reaction to one of the employers’ representatives as indicated above. The question was rephrased but again they did not recognise the ILO. When asked about the social dialogue they repeated their perceptions on employer-worker relationship and on employer-state relationship that they referred to before.

7.6. FINDINGS AND CONCLUSION

The findings of the analysed data are discussed below in two parts, addressing the second and third research questions respectively.

RQ2 *What are the mutual perceptions of key institutional actor of state, employer and union inputs and cooperation in VET?*

RQ3: *In what ways do institutional actors perceive the ILO SDP to have influenced state-employer-union relationships and VET development?*

7.6.1. Part 1: Perceptions of state, employers’ and unions’ VET inputs

There is a general consensus amongst employers’, unions/workers’ and ILO representatives as to the ineffectiveness of state, employer and unions input to VET.

State’s inputs to VET through the educational system are perceived by all constituents to be focused on increasing the *quantity* rather than *quality* of output which has contributed to VET ineffectiveness. State’s input through training centres stand at a slightly better position regarding quality of output. Amongst EFI representatives, three employers recognised VET activities at state-owned VET centres and two of them perceived their output positively, such as that through the ITC. Amongst ETUF representatives, all union heads recognised the PVTD as the ETUF has been supporting it since the 1950s and hence their positive perceptions of

it are expected. Nevertheless, only one of them was able to recognise other centres/programmes; the TVET Reform Programme, about which he was not positive. Finally, ILO representatives refer to VET fragmentation to be a major constraint that reduces the effectiveness of any positive outputs from and/or initiatives by VET centres.

As for *employers' input*, seven employers did not report any form of cooperation in VET which they consider to be the state's responsibility. The remaining three employers indicated their engagement with the state in some form of VET technical cooperation. This is high by regional standards and on a national level it shows an improvement in employers' role in VET as part of their increased engagement in economic growth more generally. Nevertheless, ETUF and ILO representatives do not consider employers' input, especially their financial VET contributions, to be effective.

Employers' unwillingness to invest in VET is supported by a number of reasons. First, although Article No.154 of Labour Law No.12/2003 obliges enterprises employing more than 10 individuals to pay a training levy (1% of their profits to MoMM training fund (AfDB/OECD, 2008)) all of the employers interviewed reported they are not paying this levy and have raised court cases against the legibility of this article. Second, the reliance on personal networks and individual rather than collective interests in lobbying reduces employers' willingness to use VET investments as a lobbying tool. In other instances, personal relations hinder potential VET cooperation as one of the employers reported failure to cooperate with the state in VET provision in the tourism sector due to unfavourable personal relations with state's officials in charge.

Third, reported low levels of trust reduce employers' willingness to share information about their enterprises and VET needs with both the state and other employers which hamper opportunities for state-employer and employee-employer cooperation. The ineffective enforcement of laws and regulations in Egypt has contributed to this problem. Fourth, the problem of poaching is a major constraint for employers' investments in VET. Fifth, low levels of employer-employee interdependence support low investments in VET investments. Finally, employers tend to import labour from other countries to counterbalance for VET inefficiencies, an effective short term solution but not likely to solve the problem in the long run. These findings conform to the proposition made earlier: Egyptian institutional influences largely correspond to the Segmented Business Systems (SBS) institutional features (Wood and Frynas, 2006).

ILO representatives call for a better engagement of employers in VET and suggest the state needs to put more pressures on employers to enhance their VET contributions. Nevertheless, it is challenging to exert pressures on employers who have been increasingly empowered by the neo-liberal orientation to economic development since 1990/1. Hence, the *political will* to exert such pressures is perceived to be largely lacking, at least at this point in time.

ETUF inputs to VET are perceived by all respondents to be negligible. Although the ETUF has two VET centres, which is relatively high by international standards, employers' and ILO representatives are critical of their effectiveness. Employers' representatives do not expect ETUF to contribute to VET and its development. Even

the only employers' representative with favourable perceptions of the GUWC⁹³ VET centre was completely unwilling to cooperate with the centre in any way.

ETUF representatives do not perceive VET to be amongst their priorities as, from their perspective, there are a number of other “*more important*” issues, such as demanding wage increases and improving working conditions. Hence, they do not expect an increase in ETUF support and/or inputs to VET. Two of them already reported favourable perceptions of ETUF representation on VET through the Supreme Council for Human Resource Development (SCHRD). The latter however is argued by ILO and other international organisations (e.g. ETF and World Bank, 2006) to be highly ineffective. Despite the availability of a legal framework that empowers SCHRD to act as a tripartite body on VET and its development, the council has not been operating in practice.

ILO representatives, unlike employers' and unions, recognise the importance of workers' VET contributions and they call for a better ETUF engagement in VET. Nevertheless, they identify the relatively low levels of labour rights in Egypt, including the right to freedom of association and collective bargaining⁹⁴, as amongst the major constraints on the effective involvement of workers in VET and other labour issues. All of them agree on the importance of achieving these core rights in order to realise effective levels of tripartism that would eventually lead to enhanced input and output of VET.

⁹³ General Union for Workers in Construction

⁹⁴ Conventions No. 87 and 98

7.6.1.1. State-employer-union Cooperation

The unfavourable perceptions of state, employers' and unions' input to VET are directly and indirectly related to levels of state-employer-union cooperation. The latter is challenged by numerous factors, such as low levels of trust across and amongst institutional actors, lack of enforcement of important laws and regulations, ineffective pressures on employers, ineffective incentives for workers and other challenges indicated in the data analysis. All of these have led to the development of ineffective bipartite and tripartite relationships between these parties and hence their mutual participation in VET is largely ineffective.

The problem originates from the incoherent employer-union relationship that lacks mutual benefits and trust. Employers' reject any *formal* means of cooperation with unions and workers in VET and/or other issues. They perceive such cooperation to be empowering for workers in ways that will eventually lead to increased labour demands and actions hence challenging their productivity and profitability. Nevertheless, employers have welcomed only *informal* engagement of workers, and not the ETUF, and three employers have already reported the participation of skilled supervisors and workers' representatives in developing various areas of production, including VET.

Employers are not subject to any pressures from the state to cooperate with workers and the state on labour issues, Also, nor is there any effective pressure from the ETUF. The latter has maintained low levels of collective bargaining since its establishment and has been further weakened by structural adjustment programmes in 1990s. The unwillingness of employers to cooperate with other parties distorts the whole equation of state-employer-union cooperation; a feature shared with the SBS archetype.

7.6.1.2. Positive Experiences

A few positive experiences were identified from participants' responses. It was noted that employers in different sectors showed varied levels of willingness to *potentially* engage in VET. Employers in the tourism sector were more interested in and willing to cooperate with the state and invest in VET development as they are keen on having highly skilled labour to keep up with the high levels of *international competition*. This motive is not shared by employers in other sectors and thus they tend to be unwilling to invest their own time and/or money in VET. They call for more incentives which further complicate the issue as state subsidies to VET programmes are already very high by international standards.

Another positive experience was reported by the EFI representative in the construction sector of positive state⁹⁵-employer-union cooperation in VET in Al Marg. The three parties participated in the identification of VET needs and these were matched against employment opportunities offered by employers. This resulted in the development of a new VET programme which proved to be successful. Hence, social dialogue has actually led to effective VET but this positive example needs to be replicated on a wider basis. The capacities and willingness of constituents together with the challenges indicated here will determine the extent to which such a positive case can be expanded on wider levels.

⁹⁵ Represented in MoE as part of MKI.

7.6.1.3. Responses on an enterprise level

Employers in both enterprises are not in favour of state-employer-union cooperation in VET. It is blamed for increased and unwelcomed state and ETUF intervention in their business. They do not rely on state-run VET programmes for the provision of skills. Instead, they look for people willing to learn and provide them with their own VET, sometimes from scratch. The larger the organisation, the better its capacity to be self-sufficient in meeting VET needs. However, some external challenges, such as the poaching of workers, are hard to contain and can be tackled through better state-employer-union relations.

Workers in the two companies did not indicate any engagement or relationship with the ETUF. Some of them used to be members but they stopped paying the membership as their companies are perceived to be providing them with more benefits. Nevertheless, it has to be noted that the tourism sector is dominated by private employers which have been leading the growth of the sector as a whole. For instance, in 2007/08 the contributions of the private sector represented 98% of the real GDP growth of the tourism sector (ENCC, 2010). Therefore, particularly in this sector, the ETUF does not play a significant role, bearing in mind that almost all of the members of ETUF members are public sector workers who are automatically registered in the ETUF upon their recruitment (see Chapter 4). Also, private employers (i) offer more benefits to workers than the ETUF and; (ii) do not appreciate the interference of ETUF in their affairs so they prefer if their workforce are not members. The benefits offered to workers are thus decided upon *informally* amongst employers in the sector, as indicated by a senior HR manager in one of the companies, as some kind of informal collective agreement on a sectoral level. Yet, since such agreements are not formally binding, the practice of poaching of workers is highly common where one organisation offers a better

package with more benefits, such as pay, title and others, to attract qualified individuals working for another competing organisation.

Workers reported their involvement with an independent workers' association: the Egyptian Association of Chefs. It does not represent workers' rights and/or demands but it is perceived to be active in workers' professional development. Workers in the two enterprises are keen to invest in their own VET. Even if their companies do not financially support them, they still pay for VET courses in the Association. This is mainly because, in the environment of international companies, their investments are rewarded in terms of recognition and enhanced career opportunities, as reported. Nevertheless, this tendency cannot be generalised to other companies and/or sectors. It would have been insightful to compare these responses with that of workers in the construction company; a large Egyptian enterprise, which was dropped as indicated earlier. This can be an area to follow up on in future research.

Finally, *employer-worker cooperation in VET* on an enterprise level is positively perceived by employers and workers. Workers are involved in the development of some VET programmes delivered in their departments; however, the participation of workers is largely limited to senior ones. Senior workers with sufficient experience in the field and in the organisation are involved by companies' management in the process of VET development as management tends to trust their inputs and loyalty to the organisation. This shows that positive employer-employee interdependence could be realised on an enterprise level if there were favourable levels of trust.

7.6.2. Part 2: Perceptions of the ILO SDP and its influence on VET

ETUF representatives were very supportive of the ILO SDP, which is an expected reaction. Nevertheless, they do not consider the project to have influenced VET development in any way. They also consider progress on the project to be hindered employers' unwillingness to engage in a dialogue.

Across ***employers' representatives***, only three were aware of the ILO SDP. Two of them were critical of the project and its attempts to promote a tripartite dialogue as they are, as the rest of the employers interviewed, are against any cooperation with the ETUF. Employers have many concerns regarding such a relationship and this, more generally, constrains the development of social dialogue in Egypt.

ILO representatives are aware of EFI's negative perceptions of and reluctance to cooperate in the ILO SDP. Hence, the ILO started to consider a change in its approach⁹⁶ through the engagement of the Federation of Egyptian Chambers of Commerce (FECC⁹⁷). Unlike the EFI, the FECC is: (i) only concerned with commercial activities and its support to employers is limited in that respect as compared to the EFI; for instance, the EFI is normally expected to be directly involved in VET but the FECC is not; (ii) not the official representative of Egyptian employers on the ILO. Yet, the FECC seems to be at least more willing to engage in the ILO SDP and to meet collectively with the state and union representatives.

⁹⁶ The idea of involving the FECC instead of the EFI was still embryonic when the research took place.

⁹⁷ The only employers' representative with positive perceptions of the ILO SDP is also a senior member of the FECC; hence, his favourable responses.

As indicated by an FECC senior representative, the association agreed to cooperate with the ILO as it considers social dialogue to be an important and rewarding activity for its member employers adding that it would be “*some kind of activity without (the FECC) incurring any costs*”. Nevertheless, there can be more than these reasons for FECC engagement in the project and for the ILO shift to the FECC in the first place. The FECC has the same members as the EFI for the mere reason that any industrial activity needs a commercial licence which cannot be issued unless the company is a member in the relevant chamber in the FECC as stated by the Chamber of Commerce Act No.189/51 and the Commercial Registration Law. However, the board of executives of both associations are different. In other words, different players; heavy weighted private employers, are representing each association. As it has been indicated before by an ILO representative, the rejection of the EFI is mainly an issue of leadership; rejection from EFI board of executives. Thus, the decision to shift to the FECC indicates that its board of executives is more flexible and responsive to ILO demands. Whether the decision of the FECC board to cooperate with the ILO and MoMM in promoting social dialogue is based on the perceived benefits to employers in particular sectors or across all sectors and/or for personal benefits is unclear, though all of these options are probable reasons for FECC cooperation. Two important questions at this point whether the FECC can be considered representative of employers in Egypt which is not likely to be the case given the size, weight and power of the EFI which cannot be easily replaced; and (ii) Whether the engagement of the FECC would lead to a better and more effective involvement of employers is still unclear. On the VET front, unless an effective state-employer-union relationship develops, the ILO SDP will not have any direct or indirect positive influence on VET development.

7.6.2.1. Perceptions on an enterprise level

On an enterprise level, the situation is worse. All of the workers failed to recognise either the ILO SDP or the ILO itself. Thus, the extent to which the ILO SDP could effectively influence levels of tripartism on an enterprise level and eventually VET cannot be reasonably expected to be high on an enterprise level. Across the three employers' representatives interviewed, only one recognised the ILO though he did not recognise the ILO SDP. Nevertheless, he had negative perceptions of ILO activities and its effectiveness. The Federation of Employers in Tourism is not, at least, as representative as it should be of employers and therefore ILO efforts do not seem to reach the enterprise level. It is unrealistic to reach each and every enterprise in Egypt but at least employers on the sectoral and enterprise levels should be aware of the technical programmes and assistance offered by national and international organisations in the field.

7.6.3. Reasons for the ILO SDP: A viewpoint

The structural challenges facing state-employer-union cooperation and more generally the ILO SDP have been embedded in Egypt's institutional configuration since the 1950s. The question raised at this point is why the ILO has launched the ILO SDP particularly at this point in time. Also, it does not seem that the ILO SDP came in response to Convention No.87 violations as a mission was sent for that purpose in 2009. Hence, at least the ILO SDP is not officially a response to such violations. I obtained only one explanation from respondents. I was told *off the record* that such a project was part of a social agenda to promote the position of Gamal Mubarak and his concerns for social in addition to economic development in support for the presidential election in September 2011. Also, it is an attempt to show the positive steps taken by the state for a more democratic engagement of social partners which would enhance Egypt's image on the international scene. Although this is not a definite reason for the initiation of the project particularly at this time, it is a probable one.

7.7. REMARKS

Data analysis and findings answered the second and third research questions. Incoherent state-employer-union relations have resulted in ineffective cooperation in VET which contributed to the ineffectiveness of the system, as perceived by all respondents. The ILO SDP has effectively led to the improvement of state-employer-union relations mainly due to employers' unwillingness to engage in a dialogue with unions. Such unwillingness is supported by nested institutional factors, such as insufficient political will, low trust levels, low employer-employee interdependence, weak legislative enforcement other challenges as indicated earlier. In turn, the ILO SDP is not perceived to have influenced VET development and it will continue to be ineffective under such an incoherent tripartite structure. Nevertheless, there were positive experiences of (i) effective tripartite cooperation in VET in *Al Marg*; (ii) employers' willingness to potentially enhance their participation in VET in the tourism sector; and (iii) employer-employee cooperation in VET provision on an enterprise level. Hence, the ILO SDP can potentially succeed if a bottom-up approach is effectively utilised together with current national-level efforts. The question is whether the ILO would have the time and willingness or resources to change its approach to achieve better results in the Egyptian context, at least from the viewpoints of its constituents.

8. CONCLUSION

The policy problem of VET and its development is proved through this study to be more than simply one of skill supply and demand mismatches in the labour market. The frame of analysis thus needs to be broadened to accommodate key institutional influences on VET which are historically entrenched in a largely incoherent institutional configuration. These have continuously marginalised institutional actors from effective participation in VET leaving the system and its development to the state; which has failed to create effective VET, and to VET development projects sponsored by international organisations.

The state has been antagonistic to any form of workers' organisation; hence, ETUF has been co-opted by the state since its establishment in the 1950s. Ineffective unions therefore did not lead to the development of representative and independent employers' associations as has generally been the historical sequence internationally. The state has continued to be the main player in VET, as in other aspects of the economy, which weakened the VET system. The latter has suffered from (i) the unavailability of reliable and comprehensive labour market information; (ii) ineffective pressures on and/or incentives for employers to participate in VET; and (iii) lack of incentives for workers to invest in VET.

The state's unwillingness to share risks with the private sector was reduced under pressures of economic liberalisation from the IMF and the World Bank. Structural adjustment programmes resulted in more complications for VET. On the one hand, it opened the flood gates for Egypt's dependence on foreign financial assistance. In the case of VET, the efforts of international organisations have been largely based on poorly-adapted European models, such as MKI and TVET

Reform Programme. These will continue to be of limited effectiveness unless key institutional inefficiencies influencing VET are addressed. On the other hand, economic liberalisation has (i) empowered a newly developed business elite who have gained relatively large state support and benefits; and (ii) further emasculated the representation and bargaining position of workers. These have reinforced employers' unwillingness to participate both technically and financially in VET as almost no pressure is exerted on them from either the state or unions. Instead, they have called for more incentives, which are already very high by international standards, for them to consider participating in VET.

These features have been coupled with low levels of trust between institutional actors. This is one of the most evident results of this thesis and is a major constraint to establishing effective social dialogue. There are few clear formal rules of the game to govern relationships across and amongst institutional actors and whenever these are available they tend to be ineffectively enforced. These are reflected in low levels of (i) employer-employer cooperation on a sectoral level; and (ii) employer-employee interdependence on an enterprise level reinforced by a paternal system of authority relations. In turn, workers and employers have had little interest to invest in VET and as a result, a vicious cycle of low VET levels, low pay, low job tenure, high turnover and hence low investments in VET, has been created. The challenges are magnified in an economy which has a relatively large informal sector by regional standards.

Low trust levels are also reflected in employers' reluctance to share information with the state as they are unclear (i) if other employers with personal connections to state officials would share their information as well; and (ii) how and by whom such information would be used, for example if other parties including competitors

could access these. These are serious concerns that negatively influence the quality of labour market information and consequently VET. Such tendencies could be reduced if the state had put clear regulations on the collection, utilisation and dissemination of information across actors and more importantly it needs to guarantee the enforcement of these laws.

8.1. THEORETICAL CONTRIBUTION

On a theoretical level, the research here confirms that the Egyptian institutional environment largely corresponds to that of the SBS archetype suggested by Wood and Frynas (2006). It shares the authoritarian character of the state, its interventionist role in economic activities including VET and its antagonism to institutional actors. Unions have been co-opted by the state and as a result employers' associations have not been effectively developed. Instead these have remained ceremonial bodies that do not represent the business community as a whole but rather are dominated by the business elite with close connections to the state. These institutional features have been reinforced by low levels of trust in formal institutions which: (i) reduced employer-employer cooperation; and (ii) distorted lobbying systems as personal connections have proved to be more beneficial than formal routes in realising individual, rather than collective, interests. This latter consideration also applies to union leaders who in turn have had little interest in enhancing the representativeness of workers' organisations and their participation in different issues including VET. Low trust levels have been coupled with a paternalist authority system which has supported low levels of employer-employee interdependence. Hence, employers as well as workers have not been motivated to invest in VET.

The *segmentation* of the economy is another feature Egypt shares with the SBS archetype. First, the state exhibits close relationships with business elites and not all segments of the business community which has led to increased levels of clientelism and corruption. Second, certain sectors are performing exceptionally well in such an inefficient economic environment, such as tourism which is mainly run by the private sector and dominated by international standards. Third, employers' willingness to invest in VET tends to be higher in sectors exposed to international markets and competition, such as tourism. More evidence in this area needs to be obtained in future research to identify other relatively successful segments of the Egyptian economy by expanding the analysis to other sectors and to different types and sizes of enterprises in the economy.

I also have suggestions for modifying Whitley's (1999) institutional framework. First, I suggest a better accommodation of the historical dimension, as it offers a deeper understanding of the origins of institutional relationships. This is important for determining the degree to which amendments in some institutional features could eventually influence institutional arrangements that affect VET. In other words, historical analysis offers deep insights into key institutional adjustments necessary to commence a cycle of effective institutional influences on VET. For example, the minimal role of employers in VET is influenced by weak state-employer-union relations and a financial system that does not support employers' engagement in long-term investments such as VET. These two issues are interrelated; however, the historical analysis shows that the political willingness to empower institutional actors is more influential in raising employers' engagement in VET than financial changes. This is reinforced by recent evidence of employers' unwillingness to participate in VET even when the state is subsidising 90% of VET programmes. Such a deep historical understanding is crucial for offering relevant and effective policy solutions.

Second, the analysis shows the importance of a better accommodation of the political dimension. This is crucial in clarifying the political considerations supporting, or otherwise, certain forms of institutional arrangements. This is shown, for example, in the changes of the ruling coalition between the state, employers and labour in the 1970s and later in the 1990s. The political agenda of the Nasserist regime necessitated the maintenance of a social contract between the state and labour. This social contract was abolished in the 1970s in the Sadatist era, for political reasons. Then, in the 1990s stronger ties between the state and business elites were developed as the political agenda became focused on economic liberalisation. Hence, the current state-employer-union relationship is not expected to change unless it is accompanied with a change in the political agenda, and here the events of early 2011 may prove relevant.

Third, the role of international organisations had not been emphasised in the early works of Whitley (1992; 1999). Wood and Frynas (2006) referred to the influence of international organisations on economic development in East Africa, but these were not included in the suggested institutional framework, an indication of their limited influence on institutional structures. Our results to some extent confirm this orientation. The ILO SDP is not perceived to have been effective since its establishment in 2008 to enhance cooperation and dialogue between social partners. The project is challenged by a historically rooted set of incoherent institutional structures. Thus, in theory the ILO SDP is working on a major institutional change but in practice its effectiveness has been limited. This tendency confirms the idea of institutional stickiness (Boettke, Coyne and Leeson, 2008). The ILO SDP is considered to be a *Foreign-Introduced Exogenous* (FEX) Institution with limited stickiness or ability to take hold within the Egyptian institutional environment.

Nevertheless, other international organisations which offer financial rather than technical assistance, most notably the IMF and World Bank, have had a strong influence on the Egyptian economy since the structural adjustment programme in 1990/1. The new wave of economic liberalisation brought about by these organisations through privatisation and other policies has enabled a certain set of investors and state/business elites to maximise economic gains by focusing on certain profitable sectors which has created disparities in economic efficiencies across different segments of the economy. Such segmentation was fuelled by ineffective bureaucracies, corruption and more generally institutional inefficiencies. With regards to VET in particular, economic liberalisation has negatively influenced chances for the development of the already incoherent tripartite relationships in Egypt which in turn has been unfavourable to VET and its development. Therefore, I propose the inclusion of state relations with international organisations as one of the main influences characterising state relations with key institutional actors in developing countries. This is because although international organisations have not directly influenced institutional structures, as shown by the low levels of stickiness of the ILO SDP, these organisations especially those offering financial assistance have influenced key institutional relationships particularly state relations with workers and employers.

8.2. POLICY CONCLUSIONS

State-employer-union relationships necessary for an effective development of VET are constrained by the institutional inefficiencies indicated above. These are reflected in the challenges facing the ILO SDP; most notably, the employers' unwillingness to participate in social dialogue. This is not surprising given (i) the high levels of state support to employers (yet they ask to be incentivised to engage in ILO SDP); and (ii) ineffective pressures from both ETUF and the state. Hence,

the effectiveness of the project is highly dependent on the state's *political willingness* to (i) put effective pressures on employers; and (ii) to empower ETUF so it would also put pressure on employers. The latter option has been rejected since the 1950s which reduce the chances of it being supported under the same state policies which ruled until early 2011. The former measure is more problematic given the state's new direction towards economic liberalisation. The state needs to balance two contradictory influences; (i) neoliberal policies under the ESRAP that empowers employers; and (ii) ILO agenda that supports social welfare and aims at empowering workers (at least in theory). These decisions would determine (i) the extent to which the state would enforce key institutional actors; (ii) establish an effective dialogue with and amongst these actors; and (iii) eventually engage them in VET and its development.

The empowerment of workers and unions has been rejected since the 1950s. Hence, it would have been impossible to achieve under the Mubarak regime and in this situation the ILO SDP would have been a waste of valuable resources as an effective dialogue between independent parties could have been impossible to realise. Nevertheless, the 2011 Egyptian Revolution suggests possibilities for changes in favour of social dialogue. These were already particularly evident in workers' organisation before the 2011 events. In 2006 workers' organisation gained a new momentum with the establishment of the first independent union since the 1950s. The new form of workers' organisation is largely democratic in its leadership and, unlike ETUF, is representative of workers on a grassroots level and has succeeded in voicing and winning their demands. Now, with the abolition of the current structure of the ETUF along with the Mubarak regime, there are high chances of such democratic organisation of workers becoming more prevalent. This can lead to an empowered position of workers which could enhance state-employer-union relations, develop social dialogue and hence the prospects of

having unions as useful partners in VET. The ILO needs to provide effective support to the development of independent unions. The new circumstances offer better chances for the enforcement of Conventions 87 and 98 which Egypt has not previously observed.

The ILO can also make use of the positive influences identified with employers. There are instances of effective employer-employer cooperation on a regional level; 6th of October City, such as the provision of housing to workers and their families. This means there are chances for them to extend cooperation to VET. The instance of tripartite cooperation in the small region of Al Marg also proved to be beneficial for VET development in the region. The ILO could study the conditions of such a positive experience and expand it accordingly. Hence, the ILO can utilise such a bottom-up approach to support its ILO SDP from a grassroots level upwards. This needs to complement rather than replace ILO efforts on the national level.

It was also noticed that employers tend to be more willing to invest in VET if there are high levels of competition, as in the tourism sector which faces severe international competition. Hence, the effective enforcement of quality standards on a national level could enhance national competitiveness. The ILO is already supporting Egypt in that respect through SECTOR which intersects with the ILO SDP. The enforcement of other laws; most notably minimum wage levels, training levy and working licence would (i) enhance employers' contributions to VET; (ii) motivate workers to invest in VET to obtain the working licence; and (iii) help reduce problems of poaching. All of these would eventually lead to an effective development of VET.

Finally, the study offers some policy recommendations to the Egyptian state. As illustrated through this research, VET development could play a major role in Egypt's socio-economic development. First, an effective VET system would directly contribute to enhancing the effectiveness of the business environment and the economy's international competitiveness. Second, it would contribute to reducing unemployment especially amongst the youth (which was one of the main reasons for 2011 events). Thus, the state needs to commence a programme for an effective VET development that is not limited to the supply/demand mismatch analysis but that expands to recognise other institutional factors and relationships as suggested by our broader analytic framework. This new programme could largely benefit from the potential effective representation of civil society and social actors in socio-economic matters post 2011 events. Hence, VET would have more opportunities to benefit from an effective representation of workers' and employers' organisations. The new regime needs to support these new opportunities through an effective enforcement of the regulatory framework as indicated earlier. There are some institutional factors that would be more challenging to alter, such as reliance on personal relations and networks. Nevertheless, these can be utilised in a constructive manner under an effective legal framework to enhance trust levels amongst and across institutional actors on grassroots levels. These are suggested by Matinsons' theory of institutional deficiencies and proven from our examples on an enterprise level and on a regional level; *Al Marg*.

8.3. FUTURE RESEARCH

On an institutional level, the proposition that Egypt falls within the SBS category needs to be verified in future research by a large scale study of business system

characteristics on an enterprise level through a representative sample of the different types and sized of enterprises in Egypt. It is also important to study of the influence of the 2011 Egyptian revolution on levels of democratisation, independence and engagement of social partners. According to institutional theory, institutional change is a difficult and long-term process. It can be realised with different degrees of efficiency, as in the experiences of transition economies. Hence, a longitudinal study of any changes in institutional arrangements and/or role of institutional actors including ILO efforts to enhance tripartism would be interesting.

Future research could also focus on the positive examples of regional employer-employer cooperation to assess whether these could lead to effective participation in VET and gain deeper insights into the reasons leading to such exceptional cooperation levels. The extent to which similar cooperative levels would be available after the revolution is another area of investigation. These could be verified across various sectors with different levels of exposure to international competition to test the propositions I made earlier.

Non-Governmental Organisations (NGOs), which have been constrained by state antagonism to intermediaries under past regimes, could also become more empowered as a result of the Egyptian revolution. There are chances for expanding their contributions to VET as a result and these could be grouped under a representative body to coordinate their activities and enhance efficiency. These could represent grassroots institutional influences on VET that could possibly be added to Whitley's framework in developing countries. Also, some benefits could extend to the informal economy as the enhanced levels of freedom of association could allow for unions to emerge in this sector. These could possibly act as social

partners in that significant sector of the economy which would have positive influences on VET. All of these issues require further investigation.

A final proposition is made with regards to the possibility of financing VET projects from the money of *Zakah* which can be invested in a training fund to support VET and its development. *Zakah* is, simply, a contribution of the affluent to less privileged individuals within the society according to a number of criteria that define the degree of affluence, amount of contributions and other issues. This can act as a short- to medium-term solution to the problem of ineffective employers' financial contributions to VET and workers' reluctance and inability to make VET investments. These propositions need to be considered in relation to other institutional arrangements to assess the possibility of its inclusion as one of the institutional features of Egypt, and possibly other similar countries in MENA, in a way that would contribute to institutional theory in developing countries.

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APPENDICES

APPENDIX A: List of respondents

No.	Phase	Category	Department/Sector	Number of interviews
1.	Phase (I)	State representatives	Industrial Training Centre – senior representative**	2
2.			Ministry of Education - senior representative**	1
3.			Industrial Training Centre – senior representative (wood and woodworks council)	1
4.			Ministry of Manpower and Migration - senior consultant**	1
5.			Training Organisation of the Ministry of Housing and Reconstruction – senior trainer	1
6.			Ministry of Housing and Reconstruction – senior representative (VET department) **	1
7.		Employers' representatives	Water and wastewater holding company	1

8.			Senior HR consultant (works with companies in different sectors)	1
9.	Phase (II)	State representatives	Industrial Training Centre – senior representative**	1
10.			Ministry of Education - senior representative**	1
11.			Ministry of Manpower and Migration - senior consultant**	1
12.			Ministry of Housing and Reconstruction – senior representative (VET department)**	1
13.	Phase (II)	Workers’ representative	A worker in textile sector	1
14.	– Pilot studies		A worker in real estate (the independent trade union)	1
15.			A worker in construction	1
16.	Phase (III)	Employers’ representative	Food and beverages	1
17.		(from the	Building and Construction	1
18.		Egyptian	Tourism	1
19.		Federation of	Mining	1

20.	Industries	Building and Construction	1
21.		Tourism	1
22.		Textiles	1
23.		Building and Construction	1
24.		Tourism	1
25.	Employers' representative (from the Federation of Egyptian Chambers of Commerce)	Commercial activities	1
26.	Employers' representatives (enterprise level)	Senior HR manager – International hotel chain	1
27.		Senior HR manager – International hotel chain	1
28.		Department manager – International Hotel Chain	1
29.	Workers' representatives (from the ETUF)	Senior representative of the ETUF	1
30.		General Trade Union of workers of land transport	1
31.		General Union for Tourism	1

32.		General Trade Union for Engineering Industries and Minerals	1
33.		General Trade Union for the construction and timber industries	1
34.	Workers at an enterprise level	4 workers in the kitchen department	1
35.		4 workers in the kitchen department (one did not show up)	1
36.	ILO representatives - Cairo	Senior representative – Social Dialogue	3
37.		Senior Specialist, Workers' Activities	1
38.		Senior Specialist, Skills and Employability	1
39.		Specialist, International labour Standards and Labour Law	1
40.	ILO representatives - Geneva	Senior representative from DIALOGUE	1
41.		SECTOR - Hotels, Catering and Tourism Specialist	2

42.		Specialist , Bureau for Employers' Activities	1
43.		SECTOR - Textiles, Clothing and Footwear Specialist	1
44.		DIALOGUE – Senior International labour Standards and Labour Law specialist	2
45.		Dialogue - Senior Industrial and Employment Relations Specialist	1
46.		Senior Declaration Officer	1
47.	State representatives	Ministry of Education	1
48.		Ministry of Manpower and Migration (VET specialist)	1
49.	Specialists and experts in the field	Labour market economist, Cairo University	1
50.		Gtz representative in Cairo (Mubarak-Kohl Programme)	1
51.		Better Work representative (ILO/IFC partnership)	1

52.	Consultant – MoMM	1
53.	Economist, American University in Cairo	1
54.	Financial markets, specialist	1
TOTAL		57 + 2 Focus Groups

**Follow-up interviews with respondents in Phase II.

APPENDIX B: Sample Frame

Table 1: ILO representatives in SRO-Cairo and HQ-Geneva

	Title	Location
1	CTA, Social Dialogue Project in Egypt	SRO - Cairo
2	Director of the Industrial and Employment Relations Department	HQ – Geneva (DIALOGUE)
3	Hotels, Catering and Tourism Specialist	HQ – Geneva (SECTOR)
4	Textiles, Clothing and Footwear Specialist	HQ – Geneva (SECTOR)
5	Director of Labour Administration and Labour Inspection Programme	HQ – Geneva (LAB/ADMIN)
6	Labour Administration/Inspection Officer	HQ – Geneva (LAB/ADMIN)
7	Specialist, International labour Standards and Labour Law	SRO - Cairo

8	Senior Specialist, Workers' Activities	SRO - Cairo
9	Senior Specialist, Skills and Employability	SRO – Cairo (EMP/SKILLS)
10	Representative of the Bureau for Employers' Activities	HQ - Geneva ACT/EMP

Source: The International Labour Organization, 2010

Table 2: EFT sixteen chambers, Chambers' Chairmen and General Directors

No.	Chamber	No.	Chamber
1	Cereals and its products	9	Building Materials industries
2	Cinema Industry	10	Chemical Industries
3	Food Industries	11	Engineering Industries
4	Leather Industry	12	Information Technology and Communication
5	Metallurgical Industries	13	Leather Tanning
6	Pharmaceutical Cosmetics and Appliances	14	Petroleum and Mining Industries
7	Private Sector Healthcare providers	15	Printing Industries
8	Wood Working and Furniture Industries	16	Textile Industries

Source: The Egyptian Federation of Industries

Table 3: Members unions of the ETUF and unions' chairmen

No.	General Union	No.	General Union
1.	General Union of Agriculture and Irrigation, fishing and land reclamation	13.	General Trade Union of workers of land transport
2.	General Union of Textile Workers	14.	General Trade Union of Maritime Transport
3.	General Union of Workers Trade	15.	General Trade Union of Air Transport
4.	General Union of banks, insurance and financial businesses	16.	General Trade Union of Chemicals
5.	General Trade Union of Railway Workers	17.	General Trade Union of workers in mines and quarries
6.	General Trade Union of Public Communication	18.	General Union for Press, Printing and Information
7.	General Trade Union of Public Utilities	19.	General Union for Tourism
8.	General Trade Union of workers in	20.	General Trade Union of

	Education and Scientific Research		administrative services and social
9.	General Trade Union of Health Services workers	21.	General Trade Union of Military Industry
10.	General Union of workers in food industries	22.	General Union for Postal services
11.	General Trade Union for Engineering Industries and Minerals	23.	General Trade Union of Petroleum
12.	General Trade Union for the construction and timber industries		

Source: The Egyptian Trade Union Federation, 2010 (Translated)

APPENDIX C: MINISTER'S LETTER



**Middlesex
University**

To Her Excellency Aisha Abdel Hady
Minister of Manpower and Migration

Hendon Campus
The Burroughs
London NW4 4BT

www.mdx.ac.uk
Main switchboard:
020 8411 5000

22nd March 2010

Dear Mrs. Abdel Hady,

Re: Miss Salma Soliman

I confirm that Miss Salma Soliman is a full time student on the Doctoral Programme at Middlesex University Business School. For the purposes of her research, she needs to have access to some material and interview officials in charge of the Social Dialogue project in Egypt. I would appreciate it if you could kindly allow her to have this access as it is very important for her study.

If further information is required, please contact me by telephone or email below.

Yours sincerely

Professor Richard Croucher
Associate Dean Research
Middlesex University Business School

Tel: 020 8411 5159
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